

Ad Blocking's Unintended Consequences

Faizan Bhat August 12, 2015 <https://hbr.org/2015/08/ad-blockings-unintended-consequences/>

With [200 million downloads](#) and counting, ad blockers are quickly growing in popularity. In my experience from working at an advertising technology company, the reasons are clear: they are easy to install and immediately effective, they make the web look cleaner and load faster, and they prevent advertisers from tracking user activity online. They are so effective that even advertising giants such as Google and Facebook are unable to get past them.

The debate on ad blocking is becoming increasingly polarized. Those who oppose ad blocking liken it to content piracy, arguing that exposure to ads is the price that readers must pay for free content. The other side of the debate is championed by companies who create ad blocking software, as well as online privacy activists. They criticize the effect of ads on user experience, but their biggest concern revolves around behavioral tracking, a practice used by many advertising companies to learn about users' interests based on their web activity. Advertisers use this information to match users with ads they might find relevant.

What many people don't realize, however, is the impact ad blockers have on the future of the web. The software prevents websites from generating ad revenue, which is often their main source of income. Placing ads next to content helps websites recover the sizeable fixed costs of creating content. Many advertisers pay a fraction of a cent each time an ad is shown to a visitor (contrary to the popular notion that ads only pay when clicked). But ad blockers cut off this revenue stream and make it difficult to offset even the running cost of storing and delivering content to visitors. According to one [report](#), U.S. publishers lose more than 9% of ad revenue due to ad blocking. For some websites, especially those with tech savvy readers, the percentage loss may be as high as 50%. As ad blockers grow in popularity and ad revenues continue to drop, many websites may face a threat of financial collapse.

Diminishing ad revenues in the publishing industry should be a cause for concern for web users. First, it is likely to force websites out of business, hurting competition and reducing available content choices. The websites most likely to suffer are those that aren't subsidized by print or television. This challenges the very notion of content democratization championed by the web. Second, it will almost certainly increase user costs as websites are forced to charge for content previously supported by ad revenue. Third, it may force the industry to push for regulation, placing the future of the web in the hands of legislators.

Supporters of ad blocking frequently cite its growing popularity as proof that the Internet community shares their concerns about tracking. But research suggests that most users do not understand tracking, nor do they have strong opinions about it. A [study](#) conducted by UC Berkeley to find out how Americans feel about tracking found that although users mistrust advertisers with their data, they also don't understand what data is being collected and why. The study also highlights the difficulty of gauging public opinion on tracking since a large majority knows very little about the subject.

The digital publishing industry has taken concrete measures to resolve concerns voiced by the ad blocking camp. Large publishers are carefully vetting ads placed on their sites and employing teams of usability experts to manage their impact on user experience. They've subscribed to self-regulatory programs such as the [Digital Advertising Alliance](#) (DAA), which aims to set consumer-friendly standards around behavioral tracking. The DAA mandates that

advertisers and publishers disclose what data is collected and for how long, and asks that advertisers provide users with clearly visible methods to opt out of tracking altogether. Most large publishers now require advertisers to comply with DAA guidelines.

Unfortunately, these efforts have done little to resolve the impasse between the publishing industry and ad blockers, partly due to the fact that consumers do not have a clear seat at the debate table. Their side is predominantly occupied by ad blocking companies with entrenched commercial interests, which can prevent the dialogue from moving forward.

Innovation in ad technology has historically focused on solving the needs of advertisers and publishers. But data-driven personalization promises to transform advertising into a service that helps users discover relevant and well-timed information. [Research has shown](#) that while personalization in any system increases its usability and value, it also challenges user trust in the system. To build trust, the system must provide users with the ability to see how personalization works and the tools to control it. One reason why ad blockers are popular could be that they let users exercise an immediate choice, albeit one that may be damaging to their own interests. The advertising industry must offer a meaningful alternative to ad blocking by placing consumer preferences at the center of future innovation. Ad blocking companies may have a role to play in affecting positive change by choosing to invest in more sophisticated personalization controls.

Ultimately, users will decide whether advertising remains a viable business model for digital content. Unlike print and television, the web affords users the power to democratically shape the future. But to move beyond the current impasse with ad blocking, it is important that consumers understand the impact that it has on the publishing ecosystem. Websites should do more to educate their users about the consequences of using ad blockers and help them make an informed choice.

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