FAST TAKE NEWS BRIEF

CONTENT BLOCKING IN iOS 9

iOS 9, slated for official release on September 16th, includes new APIs enabling developers to add customized content blocking extensions to Safari. This option, announced at the June 8th Developer Event, has been widely perceived as an attempt to expand Apple's hegemony by enabling users to easily block mobile web ads. However, while iAd clearly stands to benefit from an increased focus on in-app advertising, content blocking may prove less detrimental to mobile web ads than anticipated. It is premature to make definitive statements until iOS 9 apps appear; however, currently available information enables us to assess how this new option might affect advertisers and publishers alike.

ANALYSIS

It is important to note that Apple announced **content** blocking vs. specific ad blocking. The new APIs enable a developer to block any type of content from being loaded when an app user:

- Engages with content displayed via WebView (i.e. Safari content that is displayed without taking the user out of the app).

- Clicks a link that takes the user out of the current app by opening up a window in the Safari app.

The content can be defined very specifically—e.g., one could block *all* images or only images over a certain size. Content could be loaded or obscured based on the script involved, the domain it comes from, or any number of criteria. In theory, it could be as broad as "block all images over 300K," or as granular as "block all images of cats," with the specifics entirely up to the developer. The app then creates an extension to Safari which enforces these rules when the browser is accessed.

Apple's stated intent is altruistic (to create better experiences) by helping users circumvent content that slows down or otherwise degrades the performance of a mobile web site. However, it will clearly be possible to use these APIs to create dedicated ad blockers. Apps that block ads *in other apps* are currently distributed via the app store, though these make use of 3rd party hacks and workarounds. Now that official APIs can be used, it is possible that Apple may choose to impose some restrictions and several other factors exist which may inhibit the widespread use of true ad blocking applications.

The official iOS 9 operating system will be publicly released on September 16th, 2015.

Mobile apps designed to take advantage of content blocking may begin to appear in the app store as early as September 16th, but it is likely to take several weeks before an accurate picture can be assessed of how the functionality is being used.

Hence, updates to this POV will be released on 9.16.15 and again on 9.30.15.

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POINT OF VIEW

While concerns are understandable, we believe that publishers and advertisers can be cautiously optimistic about the overall impact of content blocking in iOS 9. Though ad blocking is on the rise—according to a recent Reuters study, 47% of US internet users utilize a desktop ad blocker—mobile may be slightly a different story for a few key reasons:

- **Content blocking is not a default setting:** Unlike cookies, which are a default iOS setting, users must seek out, install, and enable an ad blocker app, a prohibitive level of effort for many.

- **Building and maintaining a truly efficient ad blocker will be difficult:** The easiest way to create a "kill switch" for mobile web ads would be to disallow all 3rd party scripts. However, doing so would also compromise the performance of many websites so it is unlikely that Apple would allow such apps to be distributed. Instead, developers will likely need to develop and maintain exhaustive lists of ad server and publisher information.

- **Robust ad blocker apps are likely to sell at a premium**: The effort of collecting and dynamically updating such data will be prohibitive for all but the biggest developers, so any such apps are unlikely to be free which would further inhibit uptake. Free apps may appear as well but will likely be more niche—e.g. apps that block adult content or enable users to to create their own white or black lists.

POTENTIAL DEVELOPMENTS

The way Apple has chosen to implement content blocking—i.e. through the developer toolkit vs. as an integral element of the operating system and browser—makes it possible, but highly unlikely, that mobile web advertisers will see an immediate impact on their campaigns. It is assured that mobile ad networks and publishers will continually update ad delivery methods in an attempt to bypass ad blockers, so developing and maintaining such apps will be a laborious enterprise. Moreover, it's unlikely that user uptake will be immediate and widespread given the awareness and effort involved in seeking out and installing them.

The more realistic repercussions are longer term and not entirely negative:

- **We'll see greater investment in native, video, and sponsored content:** Not all ad formats can be effectively blocked so we can expect to see an uptick in brands moving away from banners and interstitials on mobile towards more content-oriented forms of media.

- **The overall quality of mobile ad experiences will improve:** Users will inevitably have access to tools that allow them to white or blacklist certain advertisers or all advertising on certain site. Consequently, advertisers will be forced to be mindful of creating ads that offer value to the user while publishers will be more likely to limit the number of ads allowed and place greater focus on quality over quantity.

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POINT OF VIEW

The September 9th Apple event did not address content blocking and little mention was made of iOS overall beyond the way in which it supports new hardware. Consequently, we will have to wait for iOS9 apps to officially appear in the App Store before any further judgment can be made. It may be months before any we can effectively assess how developers are using the new APIs and even longer before user uptake and acceptance of these new options can be evaluated. Given the very public debate on how content blocking *could* be used there is little doubt that we will see a stronger push from advertisers to bypass mobile web advertising in favor of in-app but this is nothing new—in-app has been the main focus for most mobile advertisers for some time now.

However, the inevitable decrease in mobile web advertising, while an obvious pain point for publishers, may turn out to be beneficial for all involved in the long run. Less on-page ads will create a better overall user experience, especially if brands and publishers alike create a stronger focus on the quality of the ad content. It's also likely that new ad models will evolve that involve more user consent and participation, along with a cleaner, faster mobile web, all of which may prove to be far more efficient and satisfying for publishers, advertisers, and end users alike.

In the near term, advertisers must be mindful of that fact that it may be much easier for users to *avoid seeing ads from specific brands* if they choose. With this in mind, smart advertisers will work hard to ensure that their mobile web ad strategies are respectful of the user and add a positive dimension to the experience, thereby decreasing the likelihood that their target demographics will choose to proactively block their campaigns.

RELEVANT ARTICLES TO EXPLORE

Apple's Official Announcement:
- https://www.apple.com/ios/ios9-preview
- https://developer.apple.com/ios/pre-release

Industry Reaction:
- http://marketingland.com/content-blocking-in-ios-9-unlikely-to-bring-about-mobile-admageddon-141985
- http://techcrunch.com/gallery/everything-you-need-to-know-about-ios-9s-new-content-blockers/slide/3/
- http://www.informationweek.com/mobile/mobile-devices/ios-9-brings-ad-blocking-to-apple-devices/d/d-id/1322093
- http://thenextweb.com/apple/2015/06/26/heres-how-ad-blocking-apps-will-work-on-ios-9/

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