



AD FRAUD

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For advertising to perform, it must be seen by real people. As we know, fraud follows the money. Without ad fraud detection, the impact of fraud can be significant as a brand's advertising efforts are wasted on non-humans.

Fraudulent and invalid traffic are highly prevalent in the online advertising ecosystem, which causes significant negative impact, including:

- Lost revenue for advertisers; decreased yield for publishers
- Questionable measurement metrics
- Negative brand association — specifically related to criminal enterprise, malware, poor consumer experience and environments out of alignment with brand positioning
- Poor consumer experience, making solutions like ad blockers even more attractive
- Overall lack of trust

Right now, ad fraud accounts for one out of every three dollars spent by digital advertisers – and unless a dramatic change is made, Forrester predicts that the industry stands to lose \$10.9 billion from fraudulent advertising.

This means that fraud detection and prevention tools must be even more sophisticated, focusing on three key tenets: coverage, speed and accuracy. Furthermore, these tools need to be applied across all media, platforms, devices and fraud types.

So, where are we at right now with ad fraud, why has it not been resolved, and what action can we all take to help stop it?

DoubleVerify, as part of its 2023 [Global Insights Report](#), reported post-bid fraud/SIVT rates of around 1.1%. Post-bid fraud/SIVT rates, however, this does not tell the whole story. These figures are based on advertisers who are already managing their fraud as part of a formal verification program. For unmanaged accounts, fraud rates reach as high as 5.1% - an increase of 367% compared with managed campaigns. So even though fraud can be successfully managed, it has not disappeared and brands need to remain vigilant.

Fraud also fluctuates depending on the country and the device. According to the [IAS Media Quality Report](#), for campaigns optimised against fraud, it remained low – at 1.4% for desktop display and 1.3% for desktop video. In the EMEA specifically, campaigns optimised against fraud sat below the global average; desktop display sat at 1.1%, while desktop video was 1.0%. Similarly in mobile environments display sat at 0.2% and video 0.2% – with the global averages sitting at 0.4% and 0.3% respectively. This is a marked reduction when compared to campaigns not optimised against fraud. For these campaigns, desktop display saw a rate of fraud at 10.7% and desktop video at 7.9%. It is clear that advertisers who don't do due diligence are wasting a significant amount of their budget. And as high CPM attracts fraudsters, according to DV, the fraud on CT can go above 10% for unprotected campaigns, mainly due to SSAI environment (see below)

Ad fraud is a problem that shows little sign of disappearing any time soon, but there are ways you can help the industry to beat the bots.

Ad Fraud - Best Practices

Optimised-against-fraud campaigns in Western Europe are 10 times less likely to be exposed to fraud than those lacking protection. The argument to put ad fraud prevention technology in place is quite simply, undeniable.

Here are 10 tips to successfully prevent fraud in your next campaign:

1. Vet your supply by using technological and manual checks.
2. Use verification and fraud solutions that can confirm ads were delivered to the desired sites, devices, and geographies.
3. Use fraud solutions that have been accredited for both General and Sophisticated IVT.
4. Measure fraud across all campaigns to understand anti-fraud performance.
5. Vet your vendors and partners; ask how they measure for malicious bots and other forms of IVT.
6. Implement blocking technology or use anti-targeting technology to avoid infected machines or pages with historically high fraud levels.
7. Use pre-bid filtering to avoid fraud in programmatic buys.
8. Where needed, use exclusion and/or inclusion lists.
9. If it's too good to be true, it probably is. Focus less on low CPMs and more on hitting real KPIs tailored to your campaign goals.
10. Offer and request more visibility and transparency into where programmatic advertising is being served.

Ad Fraud and Connected TV

Another cause for concern is fraud seen on newer channels like Connected TV (CTV), which represents one of the fastest growing content consumption channels in Europe. In fact, CTV viewership has grown to reach 50% of households (representing 61.5 million households) in Europe's five biggest markets, according to a SpotX report. Unfortunately, the popularity of the platform makes it attractive to fraudsters..

Fraud on CTV typically falls into these categories:

- **Spoofing:** Fraudsters may buy lower-price mobile or desktop display inventory for less than a \$1 CPM, change the ad calls to resemble premium CTV video inventory, and resell the inventory at CPMs frequently greater than \$20. This is also called VAST arbitrage scheme, these deceptive practices can result in significant financial gains for the fraudsters involved.
- **Fraudulent apps:** Fraudsters can easily create their own CTV apps and release them to both open and closed app stores. Hundreds of apps are out there with few downloads, but millions of impressions. Some fraudsters create ostensibly legitimate tech tools that they offer to app creators; these tools are then used as a "trojan horse" that allows them to commit fraud - all unbeknownst to the app developer.
- **SSAI fraud:** Server-side Ad Insertion (SSAI) technology has some amazing benefits - like reducing latency, thereby speeding delivery and improving the viewing experience. Unfortunately, it can be leveraged to generate fraud at scale. Fraudsters can either create their own servers or buy into cloud space to completely falsify the information about an impression opportunity (app/IP/device/etc.) and generate completely fake traffic. Imagine millions or billions of impressions firing off from a server farm. And because measurement doesn't happen directly on the CTV device, but at the server level, it can be even more challenging to detect.
- **Bot fraud:** As on other devices, bot fraud occurs when impressions are served to a fraudulent, non-human requestor. Often, bots will target CTV inventory by spoofing the device type to appear as if they are a CTV device.

Whilst DoubleVerify's Global Insights Report observed a significant 62% year-over-year growth in global CTV ad impression volume in 2022, quality infractions have also increased. In fact, DV saw a 69% increase in bot fraud across CTV in 2022, and overall CTV fraud schemes have tripled from 2020 to 2022.

Understanding the nuances of digital ad fraud, especially in the age of accelerated digitisation and increased advertising budgets, is immensely critical. If left unchecked, ad fraud can lead to wasted media spends, skewed performance metrics, a decrease in advertisers' bottom line and, most importantly, a negative brand association.

That is why it is important to ensure that a brand's digital ads are safe and delivered to a real person.

Here are a few best practices to ensure brands are protected:

- Understand ad fraud and its techniques
- Work with a third-party verification provider to measure and protect campaigns
- Work with fraud-certified platforms, especially on CTV, to ensure that the content is not compromised
- Ensure the publishers that buyers are working with have adopted ads.txt
- Ask questions - DSPs, SSPs, and verification providers are trying to protect advertisers from fraud and can help better address any concerns
- And finally, do a sniff test - if it seems too good to be true, it probably is

Ad fraud remains one of the digital advertising industry's biggest hurdles. However, thanks to the overall advances in verification tools and machine learning technology, our industry is actively working together to build solutions that limit the influence of the fraudsters across all channels, formats and devices. For more information on ad fraud, please read IAB Europe's 'Guide to Ad Fraud'. Published in December 2020, the guide expands on the above best practices to help drive media quality and effectiveness in the digital advertising industry.

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