

Marketer's Guide

▶ Innovative thinking to make a lasting impact on your business growth.

Hidden Costs

Three critical business ramifications of digital ad fraud



In the past decade, VAB has **uncovered measurement disparities and inaccuracies** hiding in plain sight

VAB insights reports on the advertiser impact of transparency issues across the video landscape

2016

Any Given Minute: Solving the Multi-Screen Measurement Paradox



Analysis on comparable metrics and avg media consumption between multi-screen TV brands and digital ad-tech (like Yahoo!).

2017

Facebook's Reach (on Reach): Miscalculations in the Age of Precision



Analysis of Facebook's reach inflation on the state, city and zip code level and potential implications for advertisers.

2018 & 2019

Risky Business: Exploring Brand Safety on YouTube



An in-depth look at YouTube and the brand safety issues that arose with several instances of advertisers running within highly objectionable video content.

2021

Five Fast Facts On: Nielsen TV Measurement During Covid



Analysis on how the suspension of in-home maintenance for the Nielsen panel may have cost the **Nat'l** TV marketplace between \$468MM - \$2.3B in ad spend.

2022

A Fresh Take: Behind Billions of Lost TV Impressions



Analysis quantifying the extent of undercounting due to OOH TV viewing for BBO homes not being included in Nielsen estimates for 16 months (~\$690MM).

Our analyses have **resulted in industry actions** that were taken to improve transparency and evolve towards more modern measurement solutions

Facebook's inflated reach metrics led to a class-action lawsuit

Agility | PR Solutions

October 5, 2017

Facebook falsehoods: New report reveals massive miscalculations of reach



MARKETING BREW
Small advertisers win class-action status in lawsuit against Facebook

The tech giant has been accused of overinflating ad reach.

April 1, 2022

Nielsen Covid-era panel mismanagement led to accreditation suspension

ADWEEK

July 21, 2021

VAB Asks Media Rating Council to Axe Nielsen Accreditation, Escalating Feud



AdAge

September 1, 2021

NIELSEN TV RATINGS ACCREDITATION SUSPENDED BY MRC

Nielsen OOH TV undercounting led to the rise of alternative measurement solutions



MediaPost

January 26, 2022

VAB Estimates Nielsen Undercounting Equals \$700M Ad Spending Loss



VARIETY

April 19, 2022

Horizon Media Vows to Spend Up to 15% of Upfront Dollars on New Measurement Deals

TelevisionNewsDaily

August 8, 2022

VAB Finds 85% Of TV Networks Using New Measurement



In today's converged world, we turn our attention to the \$84 billion ad fraud marketplace

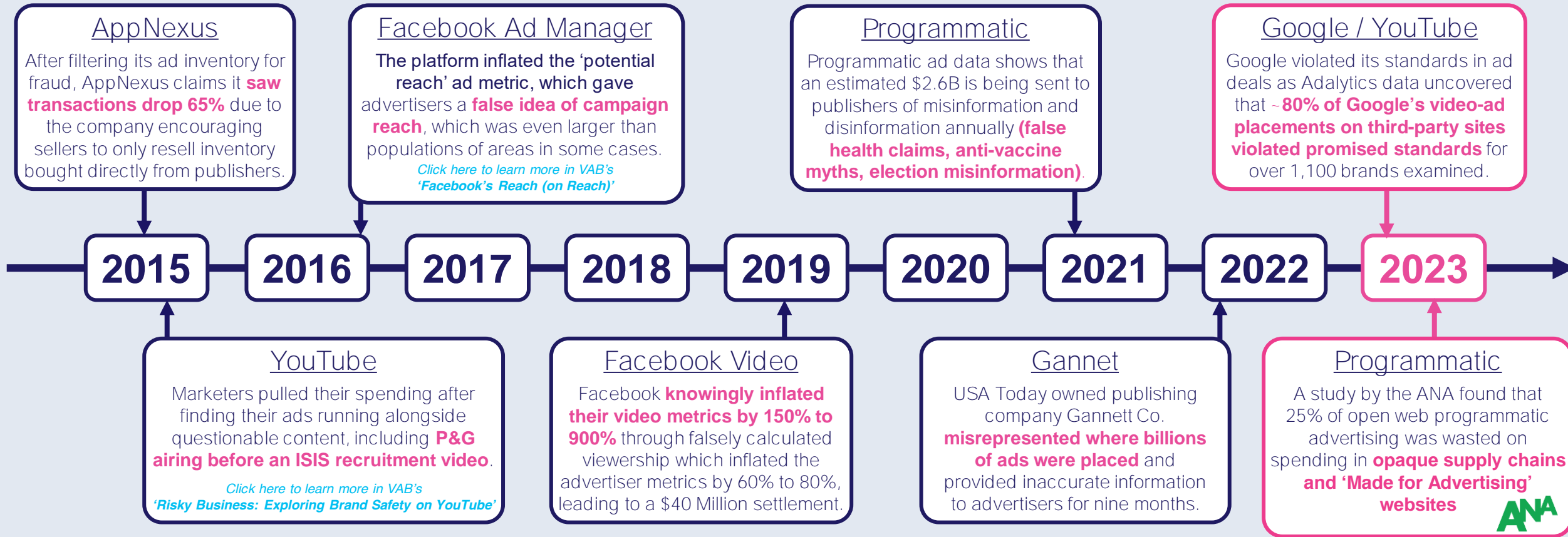
The impact of ad fraud, and the inherent transparency issues that come along with it, go well beyond lost advertising investment and a missed opportunity with customers.

There are serious **financial, brand reputation** and **legal ramifications** associated with fraudulent digital video campaigns.

This report seeks to explore these 'hidden cost' issues through tangible examples and provide guidance on how to avoid the corporate risk involved in the lack of transparency that often leads to fraudulent ad activity.

Although reports of rampant ad fraud have been well reported for over a decade, the **issue and severity have escalated**

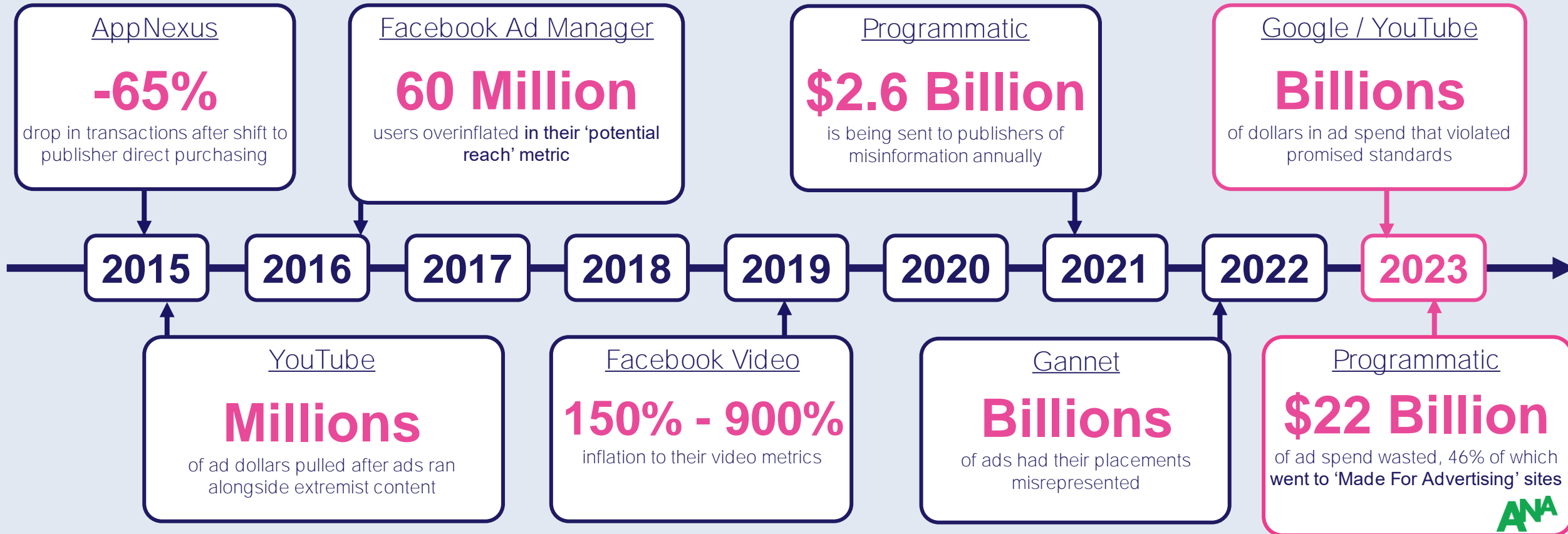
Sampling of Major Digital Ad-Tech Transparency Issues & Ad Fraud Over the Last Decade



Source: Digiday, *After filtering for fraud, AppNexus transactions fell by 65 percent*, 9/15/15. Human Security, *The Drum, Procter & Gamble, Anheuser-Busch ads run with Isis recruitment videos on YouTube*, 3/5/15. Methbot: *Then and Now*, 7/1/21. CNBC, *Facebook knew ad metrics were inflated, but ignored the problem to make more money, lawsuit claims*, 2/18/21. VAB, *Facebook's Reach (on reach)*, 10/2/17. Fortune, *Facebook Will Pay \$40 Million to Settle Advertiser Lawsuits Claiming It Inflated Video Views By Up to 900%*, 10/7/19. NewsGuard, *Special Report: Top brands are sending \$2.6 billion to misinformation websites each year*, 8/23/21. Wall Street Journal, *USA Today Owner Gannett Co. Gave Advertisers Inaccurate Information for Nine Months*, 3/11/22. New York Times, *Google Violated Its Standards in Ad Deals, Research Finds*, 6/27/23. ANA, *Programmatic Media Supply Chain Transparency Study – Complete Report*, December 2023.

It is now estimated marketers are collectively wasting billions of dollars on single platforms

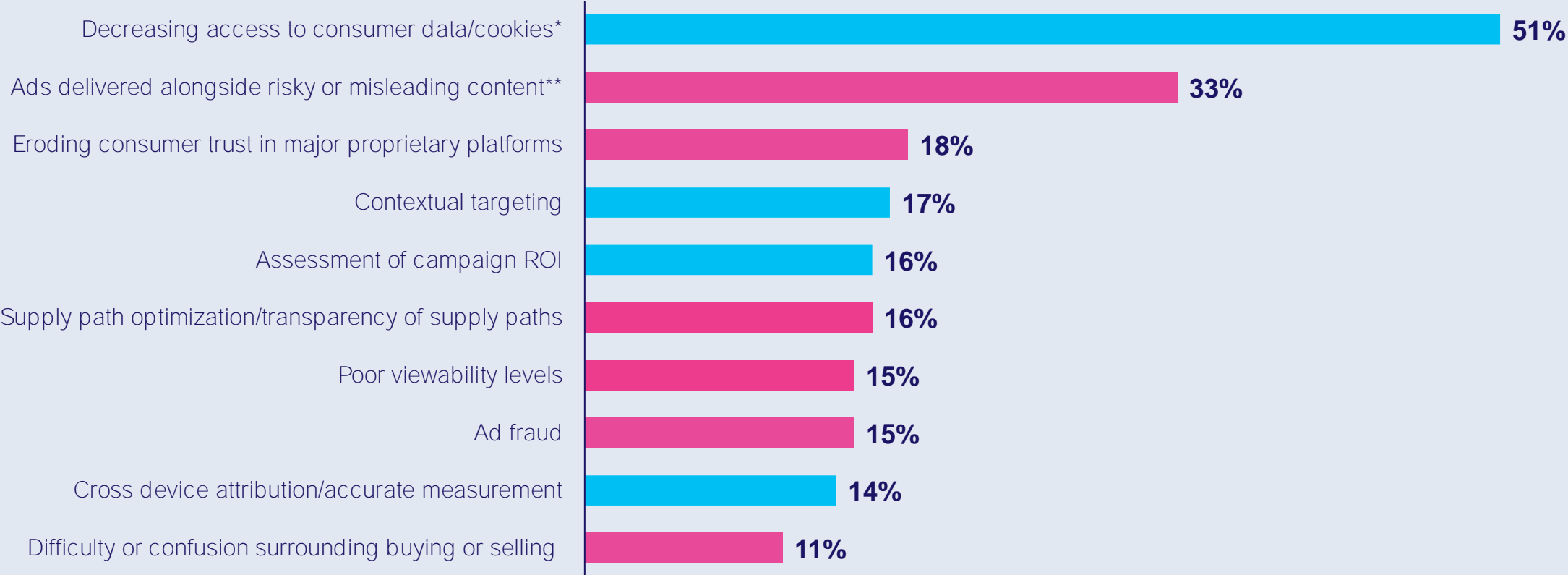
Sampling of Major Digital Ad-Tech Transparency Issues & Ad Fraud Over the Last Decade



Source: Digiday, After filtering for fraud, AppNexus transactions fell by 65 percent, 9/15/15. Human Security, The Drum, Procter & Gamble, Anheuser-Busch ads run with Isis recruitment videos on YouTube, 3/5/15. Methbot: Then and Now, 7/1/21. CNBC, Facebook knew ad metrics were inflated, but ignored the problem to make more money, lawsuit claims, 2/18/21. VAB, Facebook's Reach (on reach), 10/2/17. Fortune, Facebook Will Pay \$40 Million to Settle Advertiser Lawsuits Claiming It Inflated Video Views By Up to 900%, 10/7/19. NewsGuard, Special Report: Top brands are sending \$2.6 billion to misinformation websites each year, 8/23/21. Wall Street Journal, USA Today Owner Gannett Co. Gave Advertisers Inaccurate Information for Nine Months, 3/11/22. New York Times, Google Violated Its Standards in Ad Deals, Research Finds, 6/27/23. ANA, Programmatic Media Supply Chain Transparency Study – Complete Report, December 2023.

Marketers acknowledge that trust, transparency and ad fraud are among the major challenges with their digital media activity

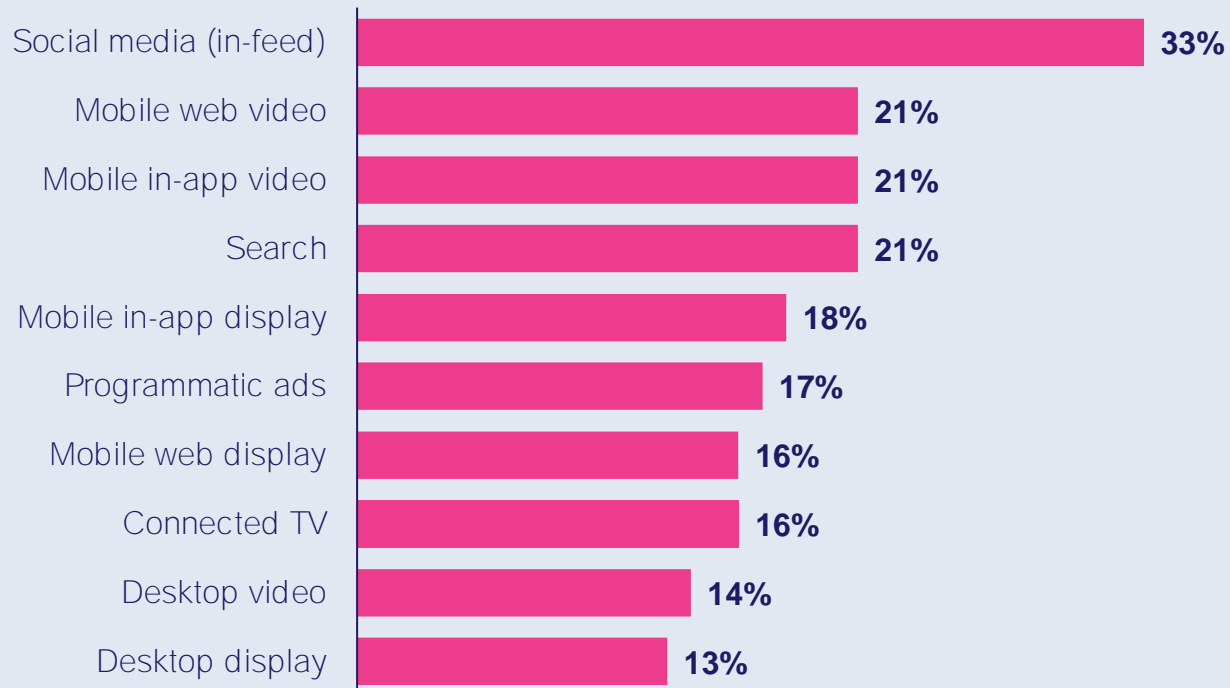
Which of the following will be major digital media challenges for your organization?



Source: Integral Ad Science (IAS), *The 2023 Industry Pulse Report*, December 2022. Based on October 2022 IAS / YouGov survey of U.S. digital media experts who use programmatic advertising (n=356). Q. Which of the following will be major digital media challenges for your organization in the next 12 months? (select up to three); reflects buy-side and ad-tech respondents, excludes publishers. *Includes high rates of consumers opting out of in-app data, data privacy legislation, deprecation of third-party cookies. **includes ads delivered alongside risky content, advertising adjacent to fake news and misinformation.

The concern for ad fraud among marketers is prevalent across digital channels

Which media types will be most vulnerable to ad fraud in the next 12 months?



Source: Integral Ad Science (IAS), *The 2023 Industry Pulse Report*, December 2022. Based on October 2022 IAS / YouGov survey of U.S. digital media experts who use programmatic advertising (n=356). Q. Which of the following media types will be most vulnerable to ad fraud in the next 12 months? (select up to three).

However, many marketers are not aware or prepared for the **business ramifications** associated with ad fraud and the lack of transparency

1



**Financial
Risk**

2



**Brand
Reputational
& Corporate
Risk**

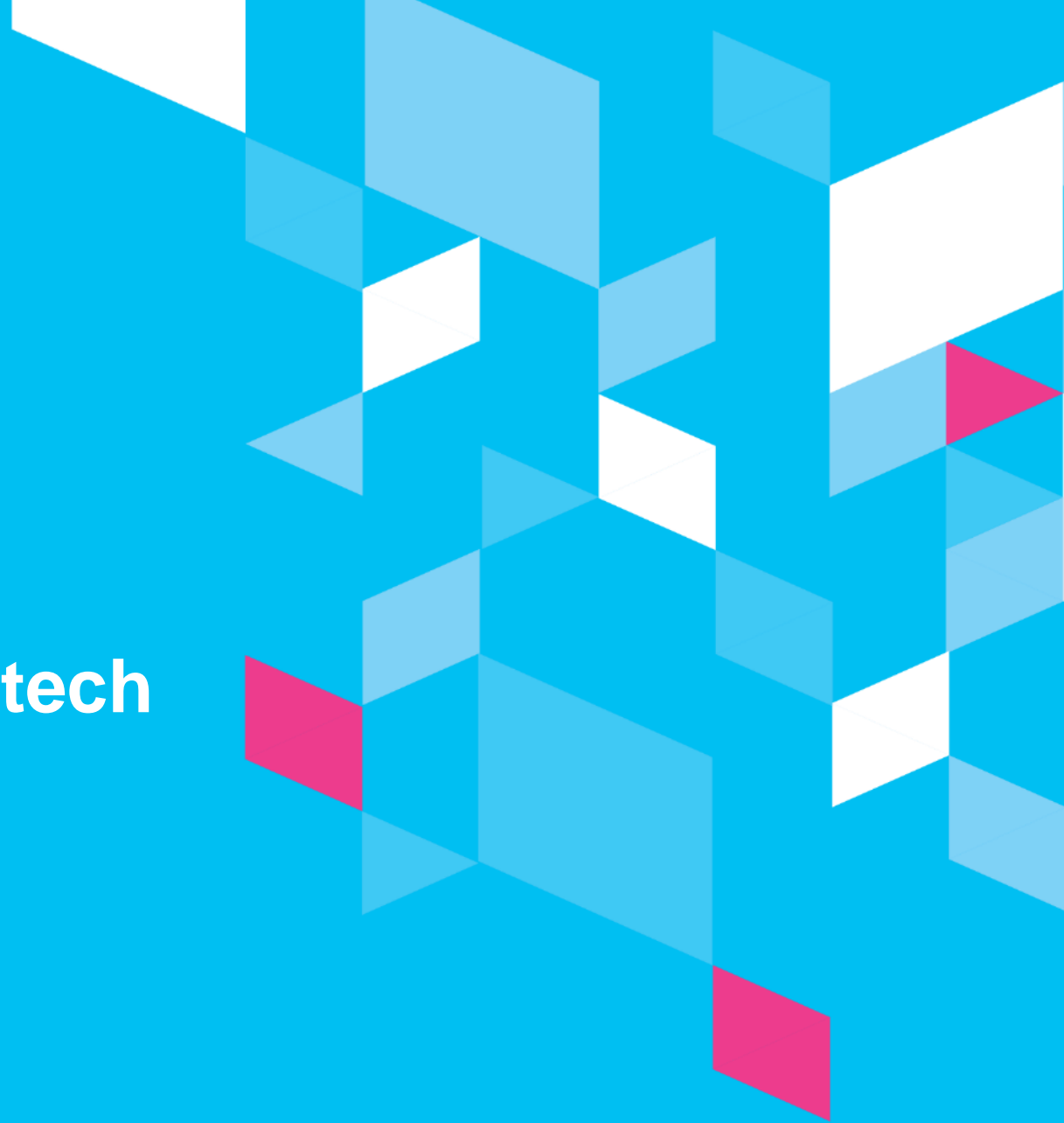
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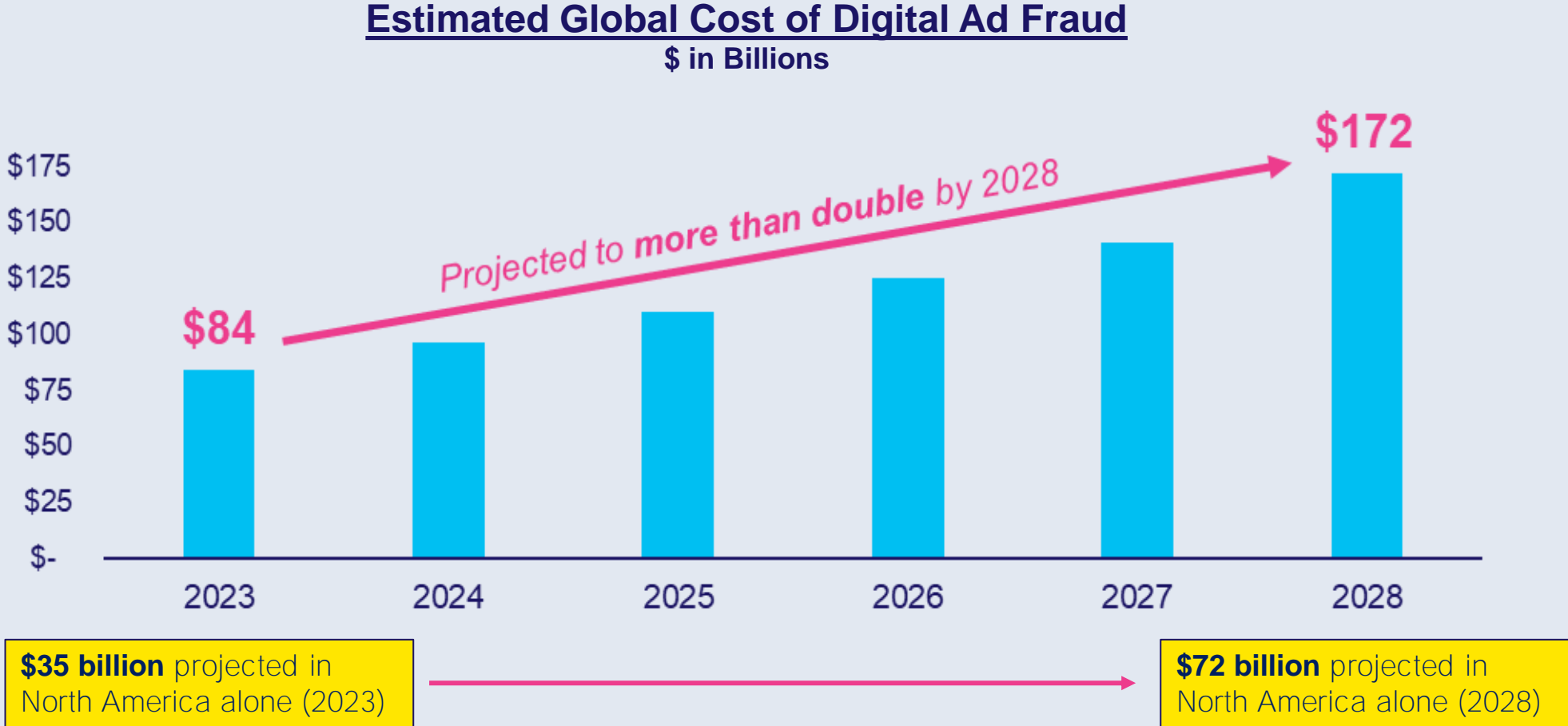
**Legal
Risk**

1

**Ad fraud and lack of digital ad-tech
transparency put brands at
financial risk**



In 2023, the estimated global cost of digital ad fraud is \$84 billion and is projected to **more than double over the next five years**



Source: Juniper Research, *Quantifying the Cost of Ad Fraud: 2023-2028*, 9/26/2023.

Ad fraud accounts for a significant share of digital ad spending and **almost \$1 out of every \$3 dollars** being spent in mobile is fraudulent

% of Global Digital Ad Spend Lost to Ad Fraud in 2023

by platform



22%

of digital ad spend



30%

of mobile ad spend

Source: Juniper Research, *Quantifying the Cost of Ad Fraud: 2023-2028*, 9/26/2023.

If the cost of global digital ad fraud was human, it would be the **ninth richest person in the world**

▶ Interestingly, seven of the top 19 richest people (37%) built their wealth through, or are involved in, digital ad-tech and the digital supply chain*

Net Worth of the Wealthiest People in the World vs. Global Cost of Digital Ad Fraud

in billions



Source: Forbes, *The 25 Richest People In The World 2023*, 4/4/2023. *Juniper Research, *Quantifying the Cost of Ad Fraud: 2023-2028*, 9/26/2023. *Includes Elon Musk (X/Twitter), Jeff Bezos (Amazon), Bill Gates & Steve Ballmer (Microsoft), Larry Page & Sergey Brin (Alphabet/Google), Mark Zuckerberg (Meta/Facebook)

The global cost of digital ad fraud is greater than the total annual revenues for **twelve of the most popular worldwide sports leagues combined**

Global Cost of Digital Ad Fraud



\$84B

Popular Sports League Total Revenues



\$76B

Combined annual revenues of NFL, MLB, NBA, NHL, MLS, English Premier League, Formula 1, DFL - Deutsche Fußball Liga (German Soccer), La Liga (Spanish Soccer), Ligue 1 (French Soccer), Serie A (Italian Soccer) and Indian Premier League

Source: Juniper Research, *Quantifying the Cost of Ad Fraud: 2023-2028*, 9/26/2023. NFL (\$18.6 total revenue) – Statista, 2022, 9/5/23; MLB (\$10.32B total revenue) – Statista, 2022, 9/14/23; NBA (\$10.02B total revenue) - Statista, 2021-2022, 9/7/23; NHL (\$5.93B total revenue) – Statista, 2022, 9/14/23. MLS (\$0.21B total revenue) – Zippia, 2023; Formula 1 (\$2.753B USD) – *Forbes, Inside the Numbers That Show Formula 1’s Popularity And Financial Growth*, 3/29/23; Premier League (\$6.987B USD), La Liga (\$3.49BUSD), Serie A (\$2.75B USD), Ligue 1 (\$2.22B USD) – Statista, 2022-2023 9/14/23; Deutsche Fußball Liga (DFL) (\$4.74B USD) - DFL Economic Report, 2023 9/29/23; Indian Premier League (\$8.4B USD) – Statista, 2022 5/21/23. Note: All Non-U.S. league revenues (other than Indian Premier League) which reported in local currencies were converted to USD as of 9/29/23.

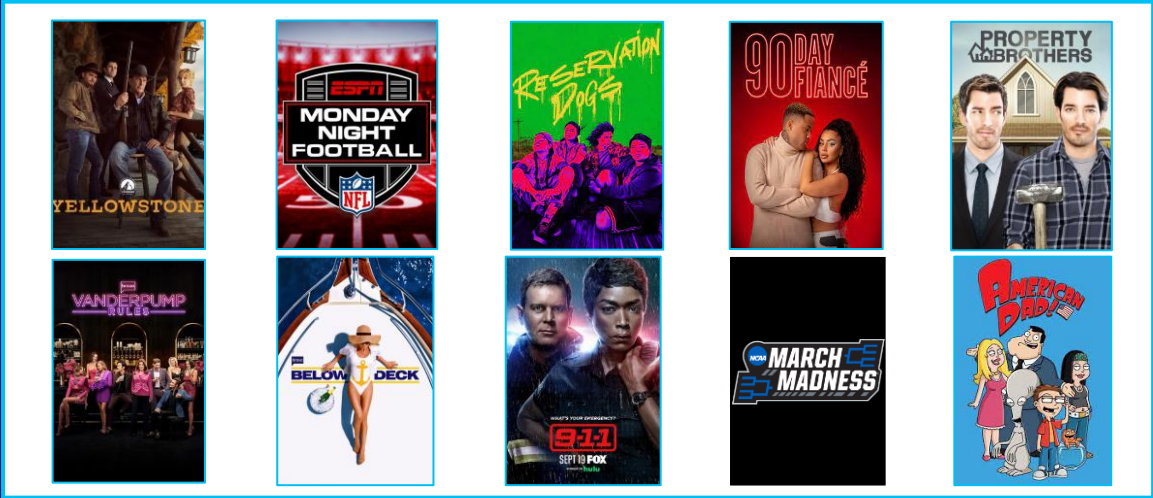
The North American cost of digital ad fraud is roughly equivalent to the total national & local cable TV ad spend in the U.S.

North America Cost of Digital Ad Fraud



\$35B

U.S. National & Local Cable TV Ad Spend



\$34B

Source: Juniper Research, *Quantifying the Cost of Ad Fraud: 2023-2028*, 9/26/2023. eMarketer Insider Intelligence, 2022 estimated based on MoffettNathanson analysis of company reports. Based on estimated TV ad spending; national cable (\$28.5B total) and local cable (\$5.3B total).

Brands at Financial Risk Through Wasted Ad Spend: A Case Study

Does Google charge advertisers for premium placements when campaigns run in non-premium inventory?

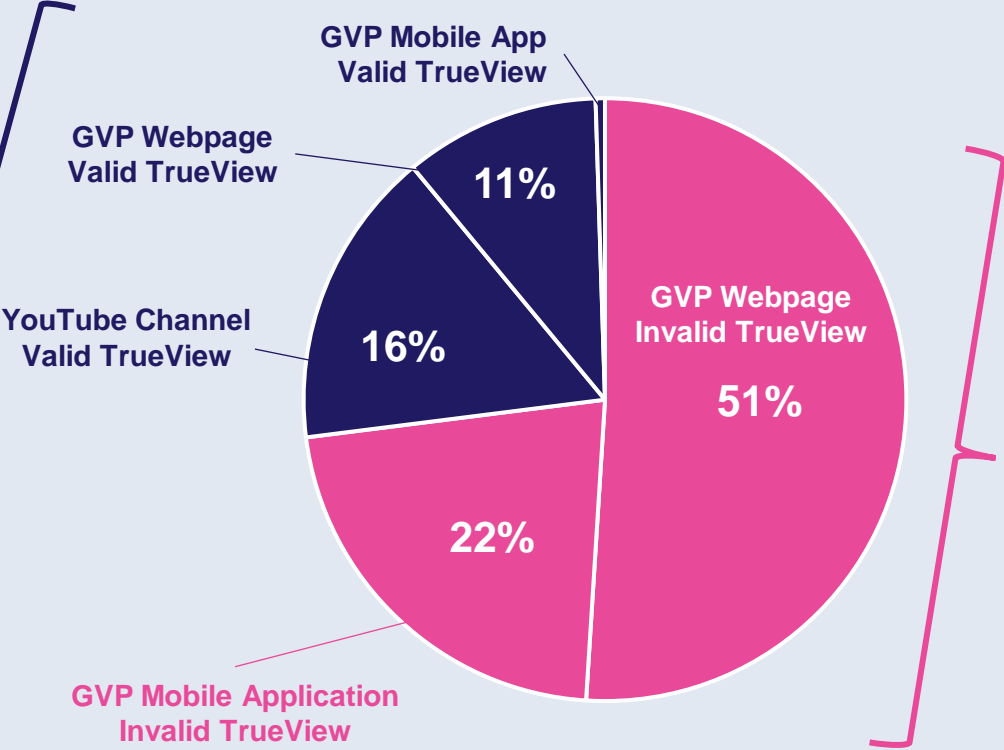


A study by researchers at Adalytics claimed advertisers may be **paying premium pricing for non-premium placements**

Distribution for YouTube TrueView In-stream Ad Campaign Budget Spend on YouTube vs. Google Video Partner (GVP) Network

Major Infrastructure Brand

Valid Placements
27% of YouTube buy spend were 'valid TrueView, skippable, in-stream video ads'



Invalid Placements
73% of YouTube buy spend was misrepresented as 'valid TrueView, skippable, in-stream video ads' when they were not

Source: Adalytics Research LLC, 'Did Google Mislead Advertisers About TrueView Skippable In-Stream Ads for the Past Three Years?' report, June 2023. Note: after the Adalytics report was released, YouTube changed the name of their 'in-stream ads' format to 'skippable ads' throughout Google Display and Video 360, according to a 'What's New: July 2023' Google Blog Post and reported by Adweek on 8/7/23.

Due to Google allegedly breaking their own standards and guidelines, many media buyers **feel cheated and are looking for financial reparations**

In their own words, quotes from surveyed media buyers (anonymous)

'How would you feel if YouTube was running large numbers of your ad campaign's YouTube TrueView in-stream video ads on: - 3rd party websites or apps, - with small, out-stream video players, - with sound off by default, - that were auto-playing with user involvement?'

'I would demand a refund of all impression and third-party costs associated with buying those ads'

'Cheated by YouTube. Not confident in future YouTube buys without plans to improve ad placements'

'I would feel like I was ripped off'

'I would demand that YouTube/Google block buying of these placements by default'

'Cheated out of my money'

'Betrayed and lied to'

'(I should be) Owed a massive credit'

'I would feel like the inventory was unreliable, and not worth paying for'

'Would feel like it's not a transparent investment'

Source: Adalytics Research LLC, *'Did Google Mislead Advertisers About TrueView Skippable In-Stream Ads for the Past Three Years?'* report, June 2023. Note: after the Adalytics report was released, YouTube changed the name of their 'in-stream ads' format to 'skippable ads' throughout Google Display and Video 360, according to a 'What's New: July 2023' Google Blog Post and reported by Adweek on 8/7/23.

Several weeks after the release of the first Adalytics report, **Google did begin refunding some advertisers** to fix ‘billing discrepancies’

AdAge

GOOGLE REPAYS ADVERTISERS AFTER REPORT OF LOW-QUALITY ADS

Some ad agencies report receiving credits for video ads that ran in places and formats they did not expect

8/14/2023



Google Doles Out Refunds After Adalytics Drama

8/15/2023

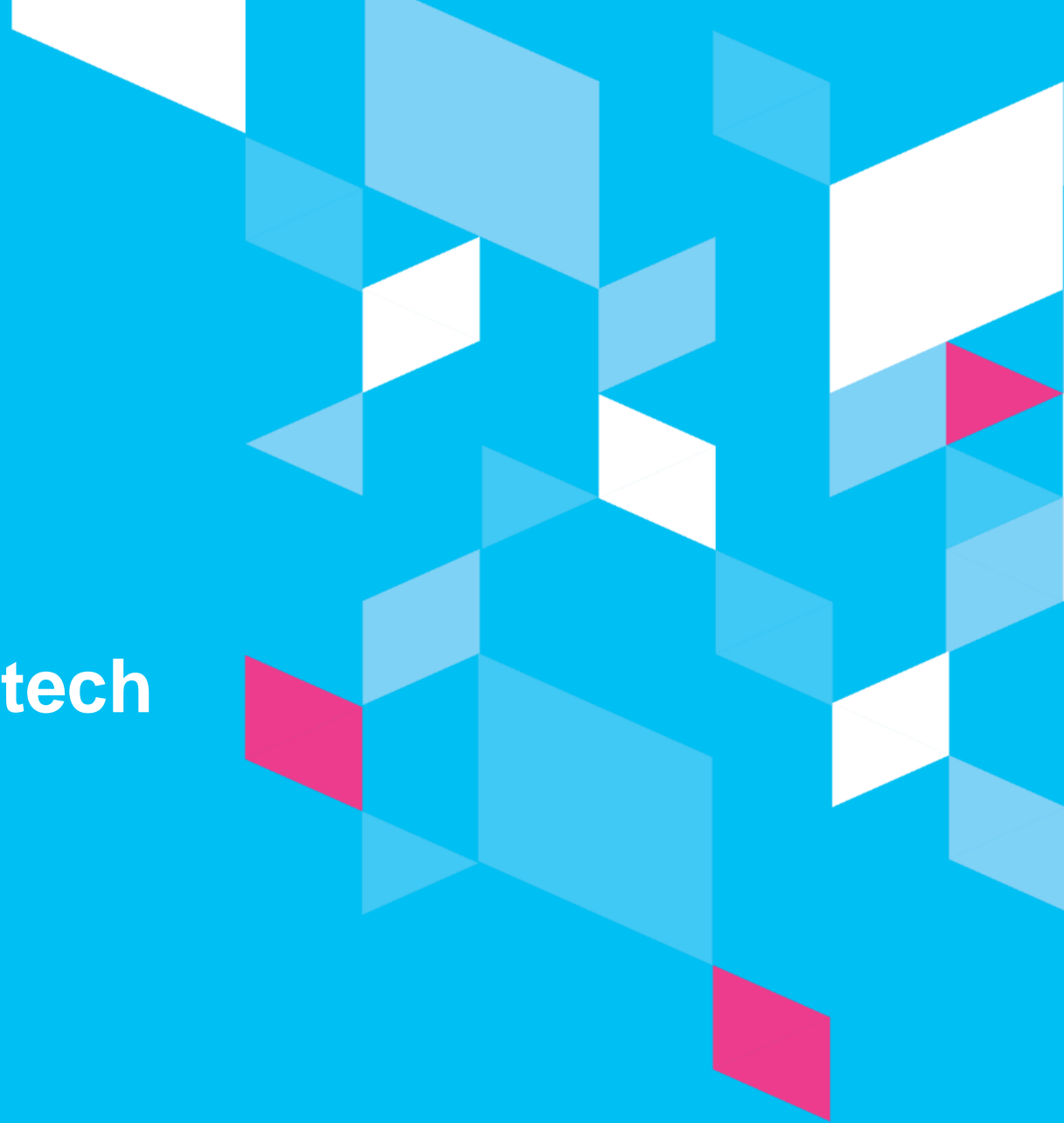


Google is refunding clients burned by improper video ad placements

8/15/2023

2

Ad fraud and lack of digital ad-tech transparency put brands at **reputational risk**



Major digital platforms offer audience network extensions but the lack of transparency around these **websites can cause brand safety concerns**

Audience Networks (aka Audience Extensions)

A way to expand the reach of a digital campaign with a single publisher by using cookies to identify and track user's activity on other websites/apps and then serving ads to the same audiences on those 3rd party websites/apps.

Examples of Audience Networks



Google Video Partners Network

*'Partners are publisher websites and mobile apps where you can show your video ads to viewers **beyond YouTube**'*



Meta Audience Network

*'Extends Meta's people-based advertising **beyond the Facebook app**'*



Pangle (TikTok)

*'Gain access to Pangle's **vast network of mobile apps**'*



LinkedIn Audience Network

*'Delivers ads beyond the LinkedIn feed to members on trusted **third-party apps and sites**'*



Microsoft Audience Network

*'Ad placements are cross-device and include premium sites like MSN, Outlook.com, Microsoft Edge, **and other partners**'*

Source: Google Ads Help, *About Google video partners*; Meta Business Help Center, *How Meta Audience Network works*; Pangle, *How to level up your ad campaign on Pangle*; LinkedIn Help, *LinkedIn Audience Network FAQs*; Microsoft Advertising Help, *About Microsoft Audience Ads*; To learn more about terminology and facts around digital advertising, click the link to download **'What Is Digital Ad Fraud'**

Audience networks can include several ‘Made for Advertising’ websites, which creates **negative brand associations and wasted ad dollars**

‘Made for Advertising’ (MFA) Websites

Websites that operate with the sole purpose of maximizing ad profits, leaving the actual content and user experience as afterthoughts. They are often filled with spam, clickbait, and stolen content.

What constitutes a ‘Made for Advertising’ website?

As defined by the ANA, 4A's, WFA and ISBA (9/26/23)

- ▶ **A high ad-to-content ratio – usually over twice the internet average**
- ▶ **Rapidly auto-refreshing ad placements like banner ads and autoplay video ads**
- ▶ **A high percentage of paid traffic sourcing with little to no organic audience**
- ▶ **Generic, low-quality content that may be syndicated, dated and non-unique**
- ▶ **Templated and poorly designed website**

\$10B

estimated global advertising spend annually across 4,500+ ‘MFA’ sites

Examples of ‘Made for Advertising’ Websites



Source: The Drum, *The ad industry's most influential trade bodies have come together to spell out new definitions for 'made for advertising' websites, which still hoodwink many media buyers daily. Will they work?.* 9/27/2023. ANA: Association of National Advertisers. 4A's: American Association of Advertising Agencies. WTA: World Federation of Advertisers. ISBA: Incorporated Society of British Advertisers. ANA, Programmatic Media Supply Chain Transparency Study – Complete Report, December 2023. To learn more about terminology and facts around digital advertising, click the link to download [‘What Is Digital Ad Fraud’](#).

A lack of campaign buy transparency can also mean that **video ads may play in poor environments** which can devalue brands

Examples of ads running in subpar placements



In a small corner or side of a page




In a fully muted video player



With little to no video content between consecutive ads



'Auto-plays' without any user interaction or initiation




Ad plays continuously on a loop



Multiple video ads playing simultaneously on the same page



The 'skip' button on a video ad is hidden or obscured



Runs out of sight while the audio plays



Ads served "stacked" on top of another ad

Marketers should ask themselves if the lack of transparency in their media buy is worth risking **20% of their company's total valuation**

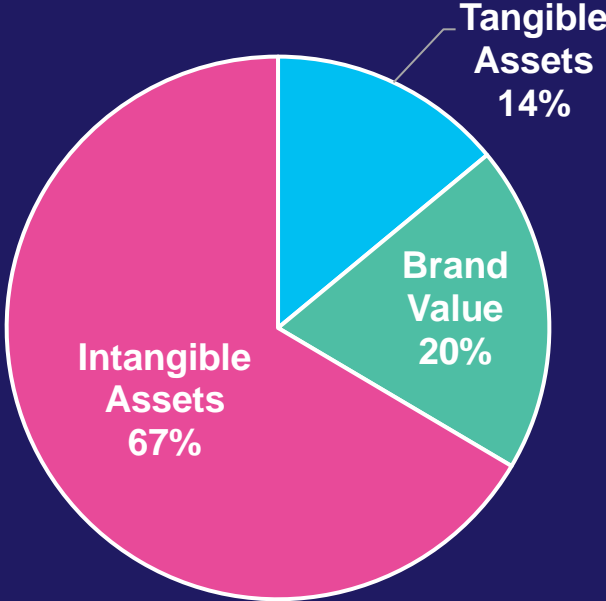


20%

of a company's
enterprise value is
based on their 'brand'

The Contribution of 'Brand' to Enterprise Value

The Relative Contribution to Shareholder Value for the S&P 500



Source: Forbes, *New Global Standards For Reporting Brand Value Can Help CEOs Grow Share Price*, 5/3/2018. Applying the Marketing Accountability Standards Board (MASB) Brand Investment & Valuation Model, Marketing Accountability Standards Board, 2017. Ocean Tomo Annual Study of Intangible Assets, 2015. 'Brand value' is the worth of a brand as an asset for an entity. 'Enterprise value' is a measure of the value of a company's business operations. 'Intangible assets' can include things like patents, trademarks and customer lists. 'Tangible' assets can include things like equipment, inventory and real estate. Note: totals may not equal 100% due to rounding.

Brands at Reputational Risk: A Case Study

Does Google's lack of transparency and alleged fraudulent practices around content environments put brands at reputational risk?





“Nobody goes to walled gardens like YouTube to run on audience networks which all have the same ***** inventory. This is a method for YouTube and Google to **extract more budget and manufacture scale in a way that is palatable to the advertiser because they don’t fully understand it.**”

Media Buyer (Anonymous)

Excerpted from Adalytics’s *‘Did Google Mislead Advertisers About TrueView Skippable In-Stream Ads for the Past Three Years?’* report, June 2023

An Adalytics study alleges that a significant share of YouTube ad spend was **allocated to audience network sites that did not meet standard**



42% - 75%

of TrueView in-stream ad spend was allocated to GVP sites and apps which **did not meet Google's standards**

Significant quantities of TrueView skippable in-stream ads appear to have been served on **hundreds of thousands of websites and apps** in which the consumer experience did not meet Google's stated quality standards.

Many of these TrueView in-stream ads were **served muted and auto-playing as out-stream video or as obscured video players** and often there was **little to no organic video media content between ads**, the video units simply played ads only.

Source: Adalytics Research LLC, 'Did Google Mislead Advertisers About TrueView Skippable In-Stream Ads for the Past Three Years?' report, June 2023. Note: after the Adalytics report was released, YouTube changed the name of their 'in-stream ads' format to 'skippable ads' throughout Google Display and Video 360, according to a 'What's New: July 2023' Google Blog Post and reported by Adweek on 8/7/23.

The spending allocated towards audience networks also allegedly included **over one thousand ‘Made for Advertising’ publishers**



12.3%

of the budget spent on Google Video Partner sites is spent **across 1,090 distinct MFA publishers** that appeared in various brands' TrueView campaign reports, according to DeepSee.io's industry leading list of MFA domains

Source: Adalytics Research LLC, 'Did Google Mislead Advertisers About TrueView Skippable In-Stream Ads for the Past Three Years?' report, June 2023. Note: after the Adalytics report was released, YouTube changed the name of their 'in-stream ads' format to 'skippable ads' throughout Google Display and Video 360, according to a 'What's New: July 2023' Google Blog Post and reported by Adweek on 8/7/23.

Advertisers of all sizes were victims of this lack of transparency and ad fraud, from blue-chip national advertisers to local small businesses alike

Sampling of 100 Brands referenced in the Adalytics Report



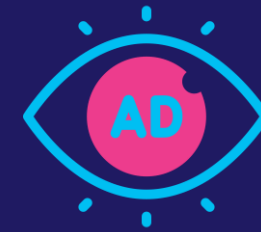
Source: Adalytics Research LLC, 'Did Google Mislead Advertisers About TrueView Skippable In-Stream Ads for the Past Three Years?' report, June 2023.

A separate Adalytics report alleges that **almost half of Google search ad impressions** were served on non-transparent, third-party websites



6.7%

of examined Google search campaign ad budget was spent on Google Search Partners & Display Expansion



47.7%

of examined Google search campaign ad impressions were observed on Google Search Partners & Display Expansion

Source: Adalytics Research LLC, *'Does A Lack of Transparency Create Brand Safety Concerns For Search Advertisers?'* report, November 2023. Based on Adalytics dataset access to over a billion (USD) dollars' worth of search ad campaigns data from various Fortune 500 brands, media agency, non-profits, and SMBs. For each of these brands, agencies, and non-profits, Adalytics analyzed how many impressions, conversions, clicks, and spend was distributed on Google search (such as google.com or google.co.uk), versus the Search Partners network. The search ad campaigns' datasets included tens of thousands of search ad campaigns, over a billion USD (or foreign currency equivalents) in search media spend, tens of billions of search ad impressions and billions of ad clicks.

Google Search Partners allegedly included **pornographic, animal abuse and US-sanctioned foreign websites** which put brands at reputational risk

Marketer reactions to the third Adalytics report findings

“The adjacency to unsafe, unsuitable, and in some cases illegal sites would be a **serious concern for brands, regardless of whether any money has changed hands.**

Brands **do not want to be seen to endorse the wrong type of content** by appearing alongside it, because of the reputational damage it may cause.

Their **ads appearing on objectionable sites is a significant problem** in its own right, with or without monetization (i.e. a click).”

‘Anonymous’ brand executive

“**Brand safety as a topic needs a thorough investigation** especially given that search safety capabilities are not available/limited from current custodians of brand safety providers which should be a huge concern based on the safety issues in search as demonstrated by this report.

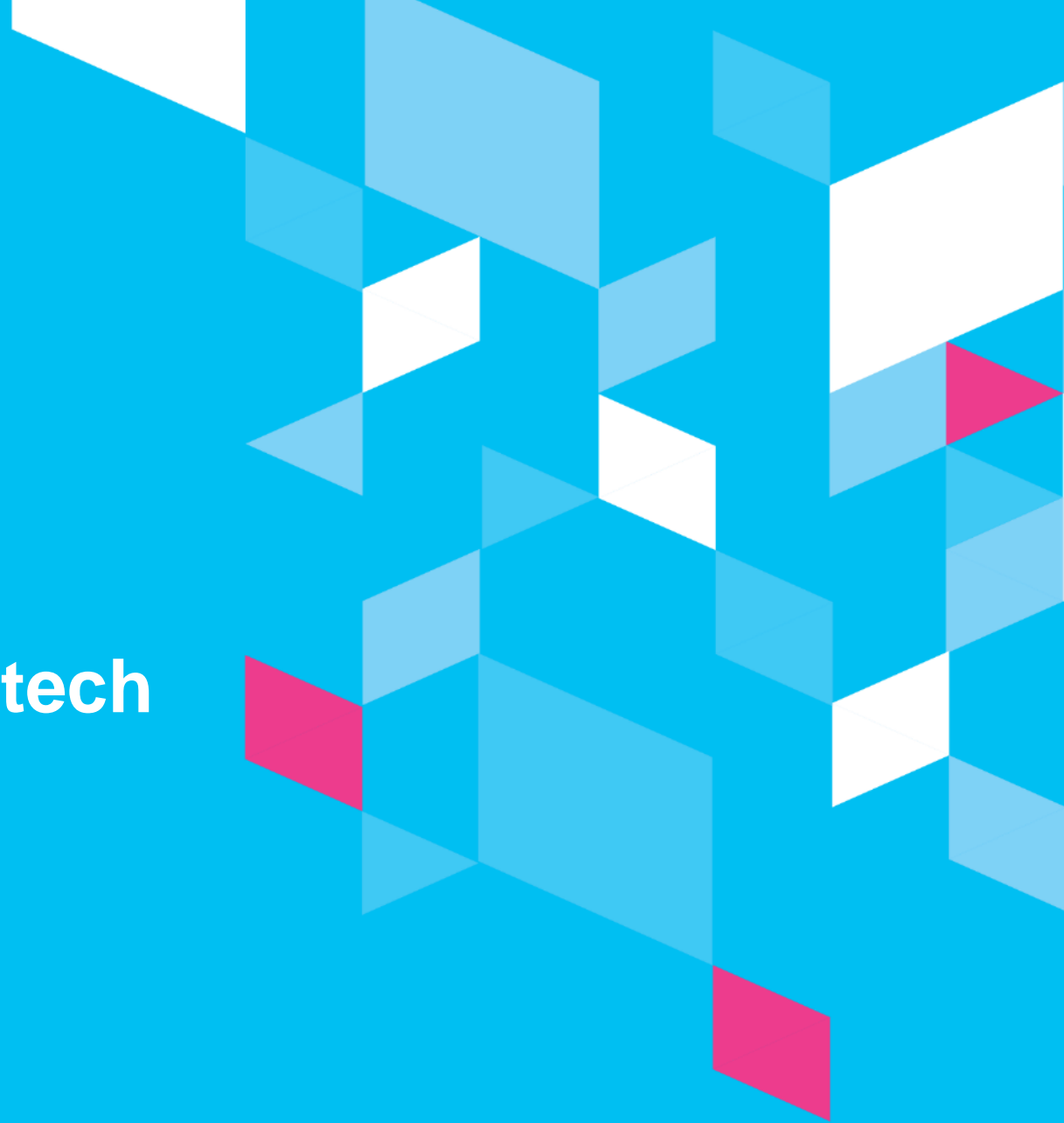
Given a huge part of brands’ investments are on search, **the industry needs to put this topic as one of the priorities for 2024 and push for better products and measurement in the field of brand safety.**”

Global head of media at a Fortune 500 company

Source: Adalytics Research LLC, ‘Does A Lack of Transparency Create Brand Safety Concerns For Search Advertisers?’ report, November 2023.

3

Ad fraud and lack of digital ad-tech
transparency put brands at
legal risk



Data leaks and breaches associated with digital activity can break consumer trust and **cost companies in fines** from government entities



New York Life data exposed in third-party breach

August 14, 2023



Google reportedly shared sensitive user data with sanctioned Russian company

July 4, 2022



Twitter to pay \$150 million penalty for allegedly breaking its privacy promises – again

May 25, 2022



British Airways fined £20m over data breach

October 16, 2020



FTC slaps \$1.5M fine on GoodRx for sharing users' health data with Facebook and Google

February 1, 2023



Data leak strikes US cannabis users, sensitive information exposed

January 22, 2020



Marriott Hit With £18.4 Million GDPR Fine Over Massive 2018 Data Breach

October 30, 2020



Google to pay \$155 million in settlements over location tracking

September 14, 2023



Teladoc-owned BetterHelp to pay \$7.8M to online therapy users for alleged data misuse, per FTC order

March 2, 2023



Grindr fined \$11.7 million for illegally sharing private user information with advertisers

January 25, 2021



FTC Takes Action Against Drizly and its CEO James Cory Rellas for Security Failures that Exposed Data of 2.5 Million Consumers

October 24, 2022



Social media data broker exposes nearly 235 million profiles scraped from Instagram, TikTok, and Youtube

May 30, 2021



H&M fined €35,3 Million for violation of the GDPR

May 10, 2020

Major digital platforms have also been hit with fines, some repeatedly, for **breaking privacy laws and misusing data from children**



May 31, 2023

Amazon to pay over \$30 million in FTC settlements over Ring, Alexa privacy violations



June 6, 2023

Microsoft to pay \$20 million over FTC charges surrounding kids' data collection

THE WALL STREET JOURNAL

September 5, 2022

Instagram Fined \$402 Million in EU for Allegedly Mishandling Children's Data

The fine is the second largest yet under the bloc's GDPR privacy law



December 19, 2022

'Fortnite' Maker Epic Games Agrees to Pay \$520 Million to Settle FTC Charges of Kids Privacy Violations, Deceptive Practices



April 4, 2023

TikTok hit with \$15.7M UK fine for misusing children's data



February 27, 2019

Video Social Networking App Musical.ly Agrees to Settle FTC Allegations That it Violated Children's Privacy Law

FTC obtains largest monetary settlement in a COPPA case



September 19, 2023

FTC Announces Claims Process for Fortnite Players Who Were Charged for Unwanted Items



September 15, 2023

Irish Data Protection Commission announces €345 million fine of TikTok

Major digital platforms, and some brands that shared data with them, have **incurred hundreds of millions of dollars in fines** due to data misuse

Instagram

\$402MM

in EU for allegedly mishandling **children's data**

TikTok

\$367MM

fine by Irish Data Protection Commission for allegedly mishandling children's data

Google

\$155MM

in settlements over location tracking

Twitter

\$150MM

fine for allegedly breaking privacy promises

Amazon

\$25MM

to settle charges that Amazon had violated COPPA

Microsoft

\$20MM

for collecting and retaining personal information from children

British Airways

£20MM

over breached data, some of which was shared with Google and Facebook

TikTok

\$16MM

UK fine for misusing **children's data**

BetterHelp

\$8MM

to online therapy users for alleged data misuse, including sharing metadata with Facebook and Google

GoodRx

\$2MM

for sharing **user's health data** with Google and Facebook

■ Fines Related to Mishandling of Children's Data

■ Fines Related to Data Leaks / Breaches

Brands at Legal Risk: A Case Study

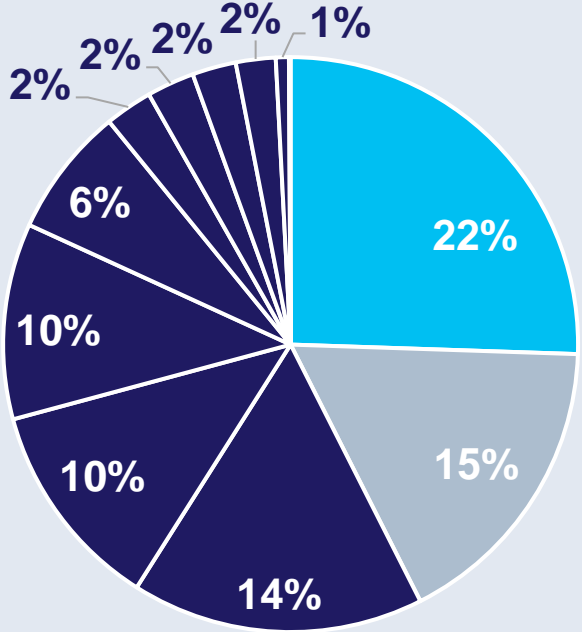
Do Google's ad practices result in targeting kids, data misuses, copyright infringement, disinformation and advertising on US-sanctioned websites?



A large share of GVP sites & apps were created outside of the U.S. which poses a **data risk from offshore criminal networks and other foreign entities**



% of spend by developer 'country of origin' for sub-set of TrueView ad budget that was allocated to GVP network Android mobile apps



Country of Origin	%
USA	22.3%
Unknown	14.8%
China	14.3%
Singapore	10.3%
Cyprus	9.6%
Malta	6.4%
Germany	2.3%
Turkey	2.3%
UK	2.2%
Israel	2.0%
Denmark	0.6%
Russia	0.1%

Source: Adalytics Research LLC, 'Did Google Mislead Advertisers About TrueView Skippable In-Stream Ads for the Past Three Years?' report, June 2023.

YouTube ads were allegedly served within questionable content, exposing brands to kids' videos, copyright infringement, disinformation and more

Sampling of TrueView In-stream Ads Served as Out-stream Ads through Google Video Partner Network (GVP)

Child-Targeted


Ads on mobile apps for children as young as two years old



The screenshot shows an app interface with a title 'Educational Puzzles for Kids'. Below the title, there are two main sections: 'Animals' featuring a dog and a cat, and 'Numbers' featuring the numbers 4 and 5. The interface is colorful and child-friendly.

Piracy

Website with over 101,000 DMCA copyright takedowns



The screenshot shows a website with a dark theme. At the top, there's a navigation bar and a main heading 'Everything to Sell Anything'. Below that, there are several content thumbnails or cards, some of which appear to be related to movies or TV shows.

Objectionable Content

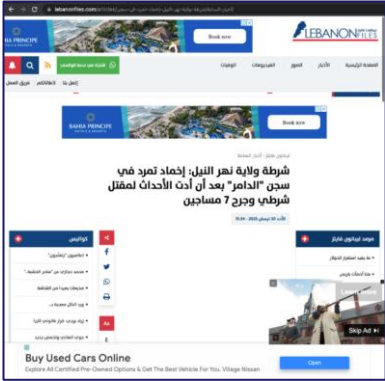
Ads alongside objectionable content (such as pornography, animal abuse and adjacencies to children's deaths)



The screenshot shows a NewsMax website. The main article is titled '9 Dead, Including Shooter in Allen, Texas, Mall Massacre'. The article includes a photo of a mall and text describing the incident. There are also smaller thumbnails for other news items.

Foreign Disinformation

Ads on foreign, and state-associated, news sites known to publish disinformation

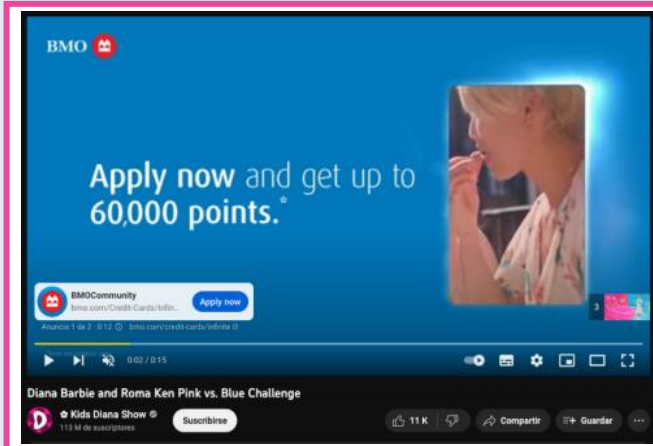


The screenshot shows a news website in Arabic. The main headline is about a shooting in Lebanon, with the text 'شحنة الدامر بعد ان ادت الأحداث لمقتل شرطي وجرح 7 مساجين'. The website has a blue header and various news items listed below.

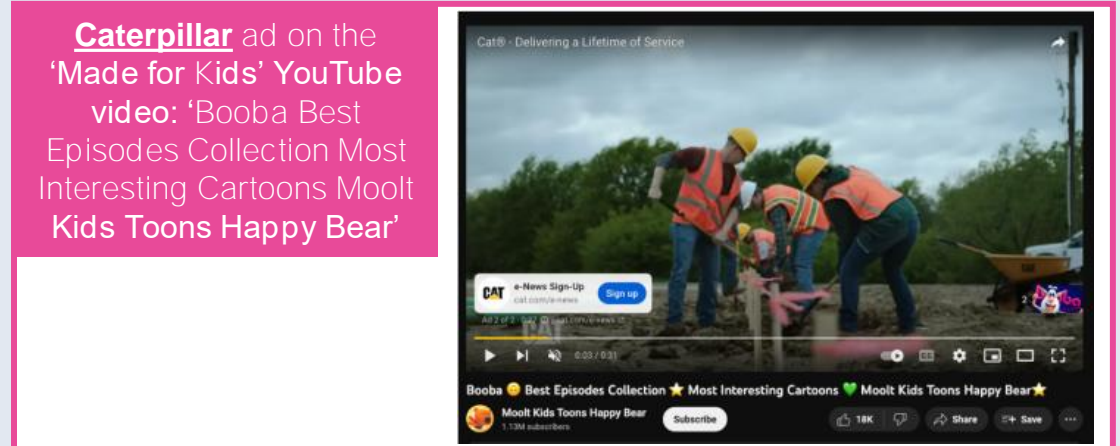
Source: Adalytics Research LLC, 'Did Google Mislead Advertisers About TrueView Skippable In-Stream Ads for the Past Three Years?' report, June 2023. Note: after the Adalytics report was released, YouTube changed the name of their 'in-stream ads' format to 'skippable ads' throughout Google Display and Video 360, according to a 'What's New: July 2023' Google Blog Post and reported by Adweek on 8/7/23.

An Adalytics study alleges that ‘adult-targeted’ brands like credit cards, construction and personal injury played in ‘Made for Kids’ YouTube videos

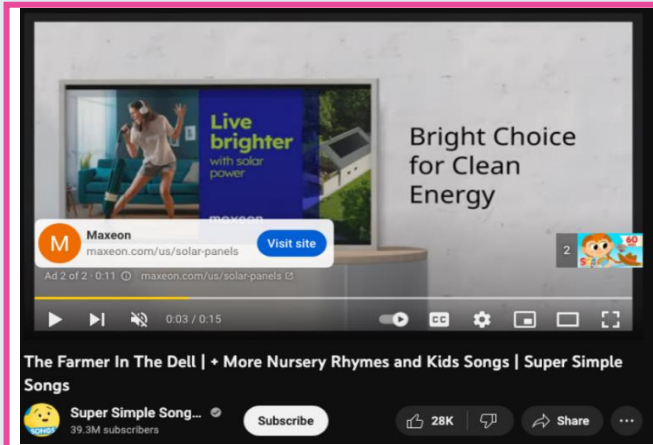
Sampling of brand’s ads placed in YouTube ‘Made for Kids’ content



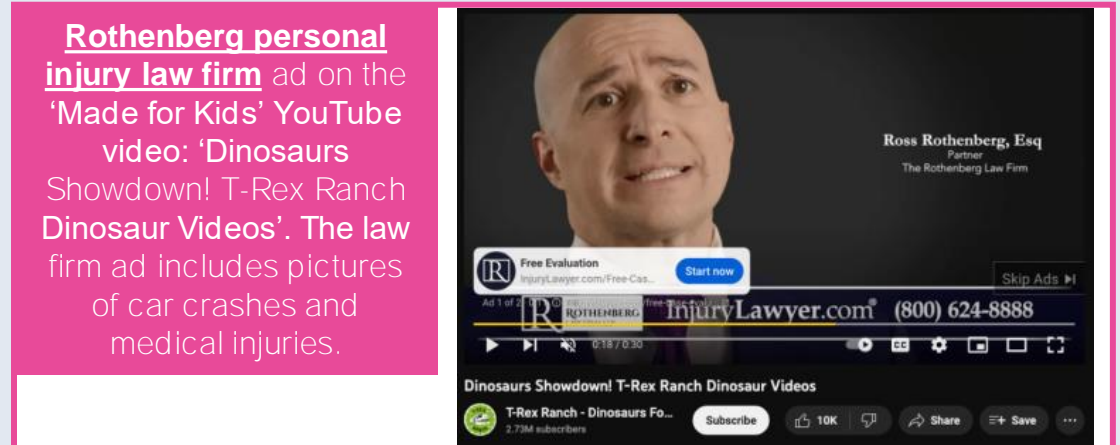
BMO Bank ad on the ‘Made for Kids’ YouTube video: ‘Diana Barbie and Roma Ken Pink vs. Blue Challenge’ on the channel ‘Kids Diana Show’



Caterpillar ad on the ‘Made for Kids’ YouTube video: ‘Booba Best Episodes Collection Most Interesting Cartoons Moolt Kids Toons Happy Bear’



Maxeon Solar Technologies (a solar panel manufacturer) ad on the ‘Made for Kids’ YouTube video: ‘The Farmer In The Dell + More Nursery Rhymes and Kids Song | Super Simple Songs’



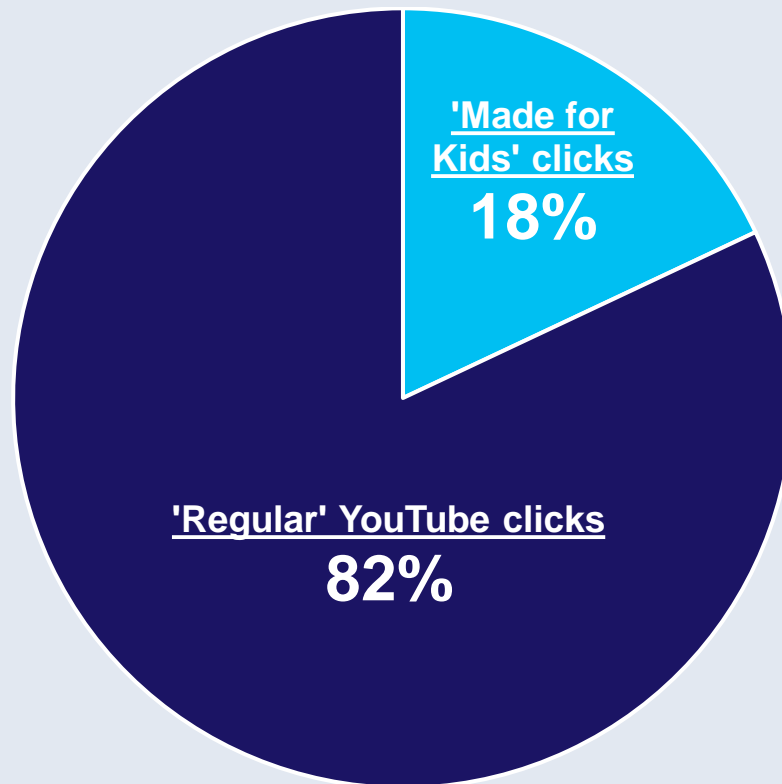
Rothenberg personal injury law firm ad on the ‘Made for Kids’ YouTube video: ‘Dinosaurs Showdown! T-Rex Ranch Dinosaur Videos’. The law firm ad includes pictures of car crashes and medical injuries.

Source: Adalytics Research LLC, ‘Are YouTube advertisers inadvertently harvesting data from millions of children?’, August 2023.

Nearly one in five ad clickthroughs to brands' websites appear to originate from YouTube channels that were labeled as 'Made for Kids'

Clicks on 'Made for Kids' YouTube Channels

1,041 campaigns from 2014-2023



Source: Adalytics Research LLC, *'Are YouTube advertisers inadvertently harvesting data from millions of children?'*, August 2023. Adalytics analyzed a dataset of over 1,000 YouTube ad campaigns from several years. These campaigns had different demographic and behavioral targeting criteria and parameters, objectives, geographies and costs. The ad campaigns generated over a hundred thousand clicks.

Most marketers (78%) don't want their brand ads in 'young kids' content and consider placements there as **unethical and a waste of ad dollars**

▶ Additionally, 69% of marketers would ask for a refund if their brand's targeted ads were served on content that is directed at young kids

In their own words, quotes from surveyed media buyers (anonymous)

'Do you want to have your brand's behaviorally targeted ads served on content that is specifically directed at young kids?'

'The target audience on my brands are individuals 25-54 with a high HHI because the product is expensive. Delivering targeted ads to children is not only ethically wrong but a complete waste of my budget'

'My brand assignment is focused on adult consumers and kids seeing some of our ads would be highly concerning'

'Wastage of media budget, plus unethical'

'No, I don't want to be wasteful with my client's budget since children generally don't make purchases'

'These channels are primarily for kids, I am concerned about COPPA compliance. I also use data for targeting so I should not be on these channels anyways'

Source: Adalytics Research LLC, 'Are YouTube advertisers inadvertently harvesting data from millions of children?', August 2023.

Shortly after the release of the second Adalytics study, Senators called for an FTC investigation into Google for **alleged breaches of children's privacy**

CYBERSCOOP

August 17, 2023

Senators urge FTC probe of alleged children's privacy violations by Google

The pair of Senators who are calling for an investigation of YouTube's practices have pushed for new children's privacy protections.

The New York Times

August 17, 2023

YouTube Ads May Have Led to Online Tracking of Children, Research Says

On Thursday, two United States senators sent a letter to the F.T.C., urging it to investigate whether Google and YouTube had violated COPPA, citing Adalytics and reporting by The New York Times.



August 17, 2023

SENATORS MARKEY, BLACKBURN DEMAND FTC INVESTIGATE YOUTUBE, GOOGLE FOR SUSPECTED VIOLATIONS OF CHILDREN'S PRIVACY

Marketers also reacted to the release of the third Adalytics report that exposed **alleged risks with non-transparent Google Search Partner sites**

Marketer reactions to the third Adalytics report findings

“While having our ads appear on virtually any of the sites listed in the study would be extremely problematic; **financial services ads showing up on websites based in Iran, which is under sanction by the Federal Government** would require the firm to alert the Office of the Comptroller of the Currency and **trigger a process that would likely lead to fines and public scrutiny** that would impact everything from reputation to share price to customer demand.”

Former head of global media for a major financial services institution

“It's interesting that the go-to-market materials which so effusively discuss the benefits and power of machine learning and automation **neglect to mention that platform reporting has now been so hobbled so as to effectively make it impossible to catch these kinds of issues on our own**, forcing us to rely on pre-reads from analytical SWAT teams like Adalytics to **ensure we're only reaching consumers on brand-safe environments and not those that will have our CMO being dragged before Congress.**”

Senior Fortune 500 brand marketing executive

Source: Adalytics Research LLC, *'Does A Lack of Transparency Create Brand Safety Concerns For Search Advertisers?'* report, November 2023.

The three Adalytics studies highlight the **financial, reputational and legal risks** involved when there is ad fraud and a lack of digital transparency

Wasted Impressions: Counted & Invoiced

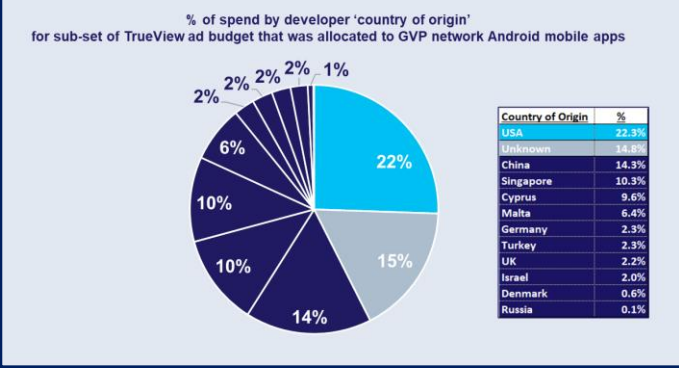
Examples of ads running in subpar placements

- In a small corner or side of a page
- In a fully muted video player
- With little to no video content between consecutive ads
- 'Auto-plays' without any user interaction or initiation
- Ad plays continuously on a loop
- Multiple video ads playing simultaneously on the same page
- The 'skip' button on a video ad is hidden or obscured
- Runs out of sight while the audio plays
- Ads served "stacked" on top of another ad

Brand Damage: Ads in Really Bad Places

- Child-Targeted**: Ads on mobile apps for children as young as two years old. Example: Educational Puzzles for Kids.
- Piracy**: Website with over 101,000 DMCA copyright takedowns.
- Objectionable Content**: Ads alongside objectionable content (such as pornography, animal abuse and adjacencies to children's deaths). Example: NEWSMAX.
- Foreign Disinformation**: Ads on foreign, and state-associated, news sites known to publish disinformation.

Data Misuse & Breaches: Tempting Criminals



As marketers, it's time to take back your digital video ad campaigns by demanding transparency and verification from your media partners

Complete transparency on...



The full lifecycle of all video ad units within your campaign by media partner



All calculations of video ad impressions by media partner



The granular details of exact ad placements, by type and inventory source, across each media partner



The composition of ad placement types and inventory sources in audience metrics such as reach calculations by media partner



Have media partners bring in a truly independent third party to provide transparency on a now-permanent basis

Do you wonder if a lack of transparency and ad fraud from YouTube affects your brand? Verify your campaign data internally or **contact Adalytics and they will do an analysis for your brand**

Adalytics is looking to expand on their public interest research and is offering a complimentary opportunity for brands and agencies.

Adalytics will analyze your TrueView ad placement reports and give you insight into where and how your ads were served. In exchange, they will use de-identified, non-attributable data in their aggregated research collective.

If you're interested in a deeper analysis of the inventory you paid for, [please fill out this form](#) and Adalytics will be in touch with you.

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An Interview with Adalytics
An insider's look at the latest Google ad fraud allegations



Exposing the Double Standard in Video Advertising
Advertising Week NY 2023 Presentation



VAB Investigation
Did YouTube allow for targeted campaigns to be served on 'Made for Kids' channels?



The Credibility Crisis
How people find trusted news amidst a wave of misinformation



What is Digital Ad Fraud?
A Look Into Critical Issues Impacting Marketers Today



What is The Digital Video Supply Chain
Understanding the path of digital ad investments

About VAB

VAB plays a dual role in the video advertising industry. We are leading the change to bring about a more innovative and transparent marketplace. We also provide the insights and thought leadership that enables marketers to develop business-driving marketing strategies.

Drawing on our marketing expertise, we **simplify** the complexities in our industry and **discover** new insights that **transform** the way marketers look at their media strategy.



We are committed to your business growth and proud to offer VAB members, brand marketers and agencies **complimentary access** to our continuously-growing Insights library. **Get immediate access** at theVAB.com.





Who is Adalytics?

Adalytics is a next level transparency and advertising performance optimization platform built to analyze data across the digital technology landscape.

Many marketers strive to attain transparency into their media buys but view legacy brand safety and verification technologies as a cost center rather than a performance booster.

Advertisers shouldn't settle for impressions that lack the comprehensive transparency brands of all sizes deserve. True transparency can drive digital media performance and efficiency while keeping brands protected from bad actors.

To deliver actionable insights that allow marketers to deliver against real KPIs, Adalytics integrates data from:

- Impression level log files
- Advanced measurement tags
- Customer relationship management (CRM) systems
- Web analytics

Built by industry leading researchers whose findings have been featured in the Wall Street Journal, Washington Post, Business Insider, Reuters, and several books. Members of the United States Senate Intelligence Committee also rely on their research and technology to understand the digital advertising ecosystem.

Click [here](#) to review a list of Adalytics recent initiatives and accomplishments and click [here](#) for their recent research reports.