

Fast Facts



What you need to know about new & emerging trends, platforms or technology

The Truth About CTV Ad Fraud

Clarifying confusion in the marketplace
about multiscreen TV





Amidst the industry talk about “ad fraud” in CTV, it’s important to understand what fraud is...*and what it isn’t.*

There is a sharp contrast between ad fraud vs. normal viewing behaviors that impact advertising. This requires a closer look at how they present themselves across platforms.

What you’ll learn:

- What constitutes real fraud
- How ad fraud in CTV compares to other digital platforms
- How the viewing environment of a platform impacts both consumer and advertiser trust
- How to minimize exposure to fraudulent practices

1

Ad fraud is defined by malicious intent of falsifying engagement



‘**Advertising fraud**’ refers to an individual, group or organization maliciously and intentionally falsifying engagement with an advertisement, often by impersonating human behaviors or knowingly miscalculating measurement metrics.

- ▶ e.g., [fake clicks](#), [overcounting users](#), [cookie stuffing](#), [domain spoofing](#), etc.

Advertising fraud can be split into the following areas*:



Device-driven fraud - refers to the use of computers, servers, phones, and other devices by cybercriminals to counterfeit real ad impressions by impersonating real users



Content-driven fraud - refers to the practice of creating fake sites and apps with fraudulent inventory and selling it to advertisers who believe their ads are showing up on real premium sites

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Normal viewer behaviors, like falling asleep while watching TV or turning the TV set off without shutting down an app, is not fraud

- ▶ A study by GroupM and iSpot.TV discovered that some ads on CTV were continuing to run after the viewer watching via an HDMI-connected device had turned their TV off, coined by some as a 'TV Off' or 'Dark Screen' issue



What is not 'fraud'?

Behavioral actions carried out unintentionally by the user / viewer, such as letting videos with ads being served continue to play on mute or turning off the TV set while a connected device continues to play

THE WALL STREET JOURNAL.

Some Ads Play on Streaming Services Even When the TV Is Off, Study Finds

Lack of communication between TV sets and streaming devices causes estimated waste of over \$1 billion in ad dollars

6/12/2022

MediaPost

GroupM Unveils CTV 'Viewability' Initiative, Finds As Much As 10% Of Ads Delivered With TV 'Off'

6/13/2022

To clarify confusion around ad fraud in multiscreen TV, particularly in CTV, we have investigated where there is fraud and the extent to which it is occurring

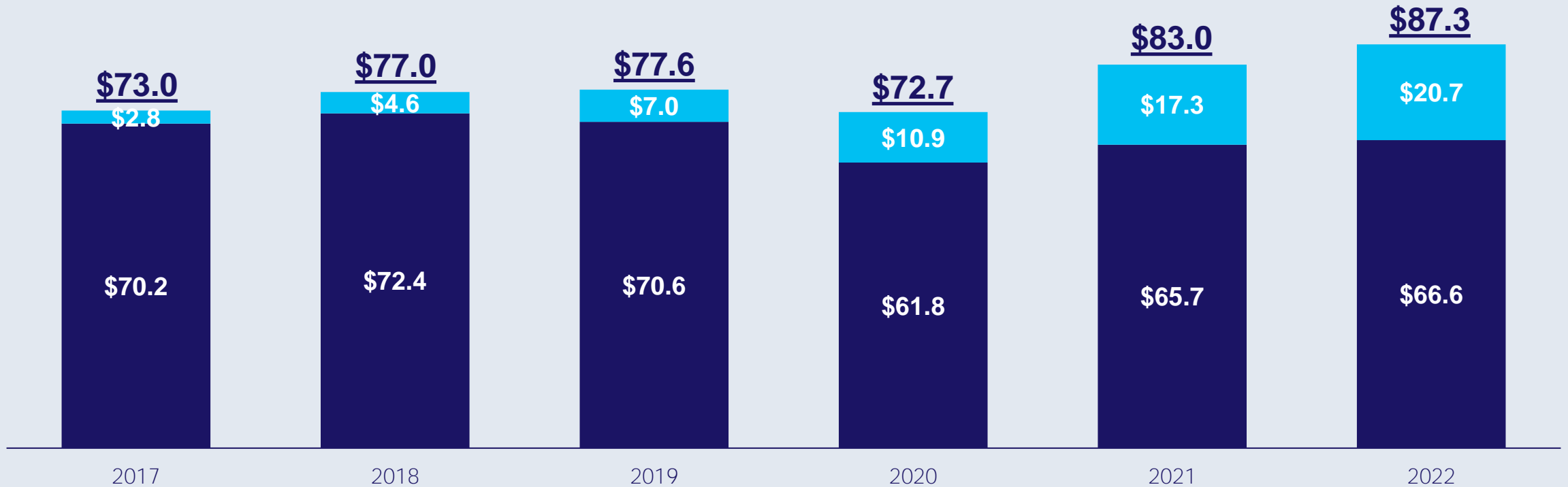


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Over \$85 billion is spent by U.S. advertisers across TV platforms, with Connected TV accounting for 24% of total investment

U.S. Linear TV & Connected TV Ad Spending in billions

■ Linear TV Ad Spend ■ CTV Ad Spend



Source: eMarketer Insider Intelligence, U.S. TV Ad Spending, March 2023. Note: includes broadcast TV (network, syndication, and spot) and cable TV; excludes digital. eMarketer Insider Intelligence, U.S. Connected TV Ad Spending, March 2023. Note: digital advertising that appears on connected TV (CTV) devices; includes display ads that appear on home screens and in-stream video ads that appear on CTVs from platforms like Hulu, Roku, and YouTube; excludes network-sold inventory from traditional linear TV and addressable TV advertising. Estimates are based on the analysis of various elements related to the ad spending market, including macro-level economic conditions, historical trends of the advertising market, historical trends of each medium in relation to other media, reported revenues from major ad publishers, estimates from other research firms, data from benchmark sources, consumer media consumption trends, consumer device usage trends, and eMarketer interviews with executives at ad agencies, brands, media publishers, and other industry leaders.

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There are very limited opportunities overall for fraud to exist within premium, professionally-produced TV content

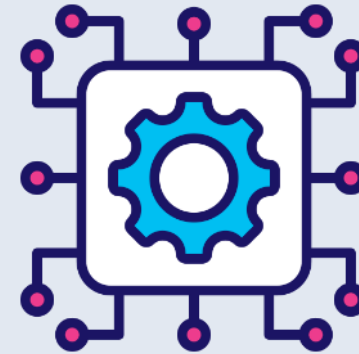
- ▶ To note, rates of invalid CTV traffic have been trending down, with the IVT rate in the global open programmatic CTV ad marketplace dropping to 18% during Q4 2022 (vs. 26% in Q4 2021)*

Multiscreen TV 'Ad Fraud' Realities

(linear TV + CTV)



Ad fraud **does not exist** on linear TV



Fraud mostly happens through '**low-quality**' **programmatic**, and is much less likely to happen through 'publisher-direct' or 'premium' programmatic solutions

'Invalid Traffic (IVT)' refers to advertising impressions, clicks on ads or other actions taken by malicious bots or any other forms of nonhuman traffic

Source: *Picalate, *Global Connected TV (CTV) Ad Supply Chain Trends*, H2 2022. Invalid traffic ("IVT" - inclusive of ad fraud) by quarter in open programmatic CTV; global; as measured by Picalate.

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Though minimal, fraudsters are leveraging tactics like using other devices to impersonate CTV engagement or selling fake ad inventory

What are some examples of advertising fraud tactics on CTV?



Device Spoofing

Also known as ‘device impersonation,’ a tactic in which mobile or other digital devices are used to **impersonate real CTV devices** to make money off **false impression delivery** when, in reality, no ads were served to real viewers



SSAI* Spoofing

Occurs when fraudsters **set up fake SSAI (server-side ad insertion) servers** to **generate fake CTV ad inventory** across apps, IPs and devices

- App Fraud
- IP Address Spoofing
- Device Spoofing
- SSAI Spoofing
- SDK Spoofing
- Steal QR-Code Scans
- Fake Impressions
- Bots

Examples of CTV Ad Fraud Tactics

Source: HUMAN, *CTV Device Impersonation* whitepaper, November 2019. DoubleVerify via [Business Wire](#), 2/3/2022. *SSAI (server-side ad insertion) refers to the technology that stitches together ads within a video stream before the stream loads on a user’s device ([AdExchanger](#), 7/11/2022).

6

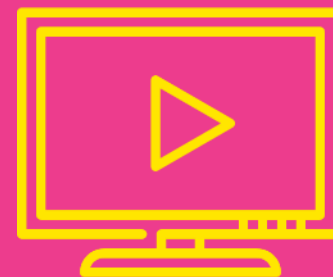
While CTV can be vulnerable to some ad fraud, estimate ranges are in the millions - much lower than the billions in non-CTV digital fraud

According to DoubleVerify, fraudulent CTV ad schemes may have siphoned away...



\$6M – \$8M+

each month from advertisers



\$144M

annually from publishers in 2021

Source: DoubleVerify, *Global Insights Report*, 2022.

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In contrast to CTV, fraudulent digital ads are costing brands at least \$23 billion each year

▶ As bad actors become savvier at committing fraud, the industry is struggling to properly detect fraudulent activity, especially beyond 'bots'



\$23 Billion

Total Digital Advertising Spend Lost to Fraud in the U.S. in 2022

“The problem with fraud is that right now **it isn't (all) being recognized as fraud**. Let's just use round numbers. If they report 1%, everyone jumps to the conclusion that the other 99% is fine. But what they're missing is that they never said it was human traffic, they just **failed to detect** it was invalid traffic.”

Augustine Fou

Independent Ad Fraud Researcher
(The Big Smoke, 1/14/2022)

Beyond bots, detection of other forms of digital ad fraud - such as **pixel stuffing, ad stacking** and **forced redirects** - is often under-reported

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The share of estimated ad fraud in total TV is a small fraction of the ad fraud projection in non-CTV digital platforms

Estimated Digital Ad Fraud \$\$\$ as a % of Total Digital Ad Spend*

at least

10.3%

Estimated CTV Ad Fraud \$\$\$ as a % of Total TV Spend

0.3% - 0.4%

Estimated CTV Ad Fraud \$\$\$ as a % of CTV TV Spend

1.2% - 1.4%

Source: Digital Ad Spend - VAB analysis of eMarketer Insider Intelligence data. eMarketer Insider Intelligence, U.S. Digital Ad Spending, March 2023. eMarketer Insider Intelligence, U.S. Digital Ad Spending, by Format, March 2023. Note: includes advertising that appears on desktop and laptop computers as well as mobile phones, tablets, and other internet-connected devices, and includes all the various formats of advertising on those platforms. Digital ad fraud \$\$\$ estimates - Juniper Research, *Digital Advertising Fraud: 2021-2026 Market Summary*, 2022. TV / CTV Ad Spend - eMarketer Insider Intelligence, U.S. TV Ad Spending, March 2023. Note: includes broadcast TV (network, syndication, and spot) and cable TV; excludes digital. eMarketer Insider Intelligence, U.S. Connected TV Ad Spending, March 2023. Note: digital advertising that appears on connected TV (CTV) devices; includes display ads that appear on home screens and in-stream video ads that appear on CTVs from platforms like Hulu, Roku, and YouTube; excludes network-sold inventory from traditional linear TV and addressable TV advertising. Estimates are based on the analysis of various elements related to the ad spending market, including macro-level economic conditions, historical trends of the advertising market, historical trends of each medium in relation to other media, reported revenues from major ad publishers, estimates from other research firms, data from benchmark sources, consumer media consumption trends, consumer device usage trends, and eMarketer interviews with executives at ad agencies, brands, media publishers, and other industry leaders. CTV ad fraud \$\$\$ estimates - DoubleVerify, *Global Insights Report*, 2022. *Based on % of 2022 ad revenue. **Based on % of 2021 ad revenue to align with 2021 CTV fraud \$\$\$ estimates.

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Ad fraud in CTV also does not normally impact the viewing experience unlike digital fraud which can lead to ad stuffing or computer viruses

- ▶ CTV viewers are often unaware they've been exposed to fraudulent activity as they are still watching within a premium environment, however digital users run the risk of malware being installed on their device, which can lead to pop-up ads, battery drain and more



Examples of how consumers have been impacted by digital ad fraud schemes

ars TECHNICA

Google Play apps with >20M downloads depleted batteries and network bandwidth

Google removes 16 apps after receiving a report the apps were committing ad fraud.

10/20/2022

The New York Times

Battling Adware That Redirects Your Browser

If your browser is suddenly full of pop-up ads or taking you to sites you didn't request, you probably have a malware infection.

6/13/2018

THE WALL STREET JOURNAL.

Scams are showing up at the top of online searches

Searchers, beware: That Google, Bing or DuckDuckGo ad might be 'malvertising' — phishing campaigns and malware hiding behind legit-looking links

9/16/2022

BLEEPINGCOMPUTER

42,000 sites used to trap users in brand impersonation scheme

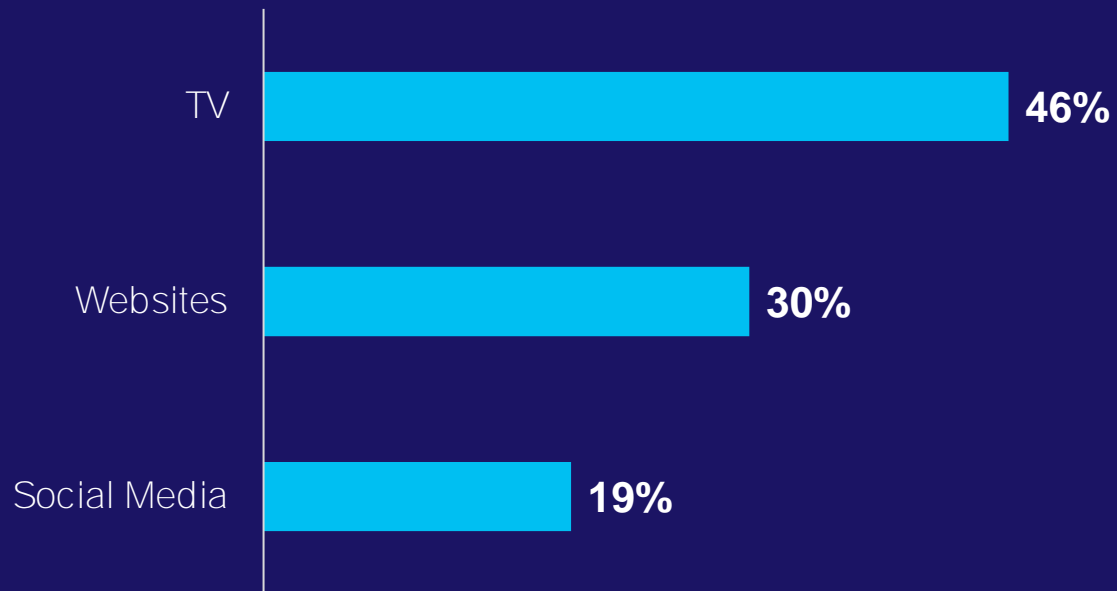
11/14/2022

10

The quality viewing experience and premium environment creates a distinct trust advantage for TV ads among consumers

Types of Advertising U.S. Adults Find Trustworthy

% of respondents



U.S. adults are more likely to find ads on TV trustworthy vs. ads on digital platforms

2.5x

More Likely
to trust ads on TV
vs. ads on social media

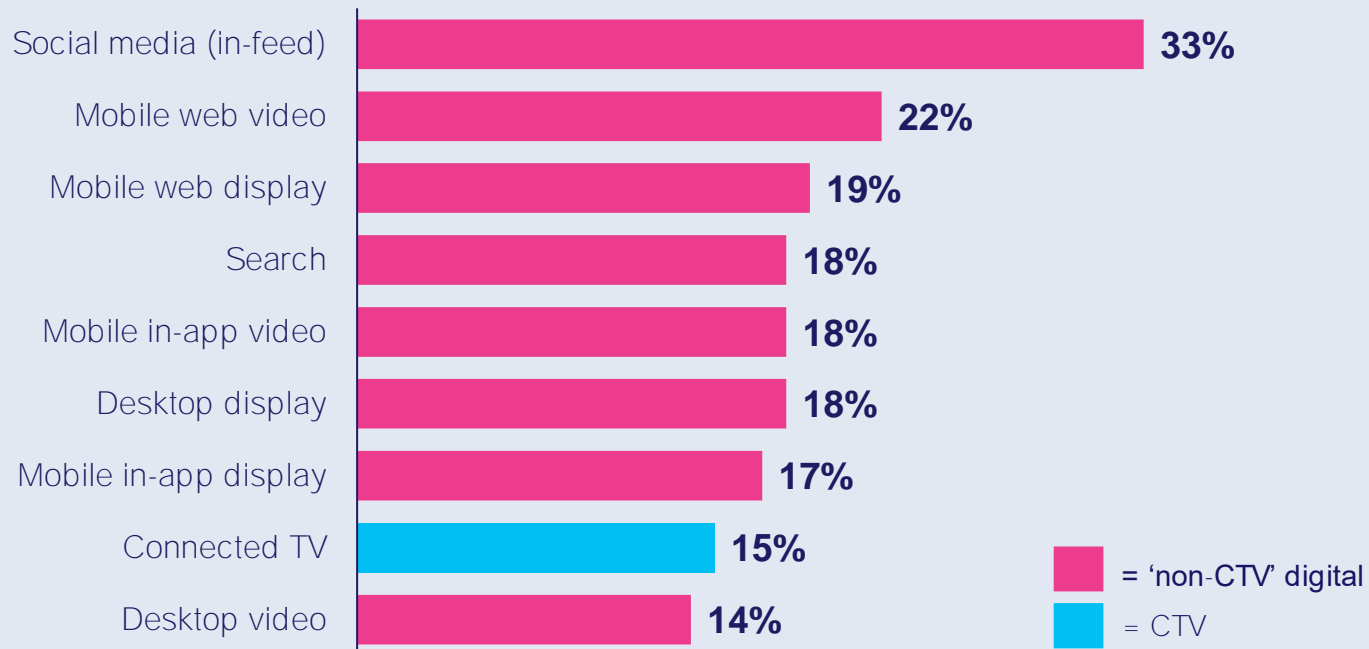
1.5x

More Likely
to trust ads on TV
vs. ads on websites

Source: YouGov, *Global Study: Which Types of Ads Do People Trust?*, commissioned by Campaign, 2/5/2021. Note: Ages 18+ who selected very/somewhat trustworthy.

Like consumers, marketers trust the premium environment of CTV and view it as less vulnerable to fraud than other digital platforms

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



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).

It is important for marketers to stay informed, prioritize working with premium platforms and seek solutions to further minimize ad fraud

Tips for minimizing fraudulent advertising in CTV



Focus on education to know both the risks of ad fraud and solutions for protecting brands & their campaigns

- ▶ Learn about tools that can reduce the risk of ad fraud, such as **ad verification**, which can identify and block fraudulent traffic, & **ad blocking technology** which prevents ads from being displayed to bots*



Utilize premium, trusted vendors to ensure purchased ad inventory is truly what it appears to be

- ▶ Examples of companies who can serve as trusted vendors:



Work with vetted measurement and data companies that specialize in audience and ad verification, as well as invalid traffic detection, to ensure ads are being seen by real viewers

- ▶ Examples of measurement companies:



Click through the logos above to be brought directly to the corresponding company's website

Source: *Augustine Fou via [LinkedIn](#), 3/22/23.

Key Marketer Takeaways

- ▶ Real ad fraud is defined by maliciously and intentionally falsifying human engagement, not normal viewing behaviors like falling asleep in front of the TV
- ▶ Compared to other digital platforms, fraudulent ad activity is much less likely to occur within the premium **environment of CTV** and **it doesn't impact the viewing experience** which enables greater consumer trust of TV advertising
- ▶ As marketers develop their advertising campaigns, it is important to understand what constitutes ad fraud, how it impacts different digital platforms and what solutions can be implemented to minimize exposure to it while optimizing outcomes among real audiences

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